

Real Estate Credit Investments Limited

Annual Report and Accounts

2026



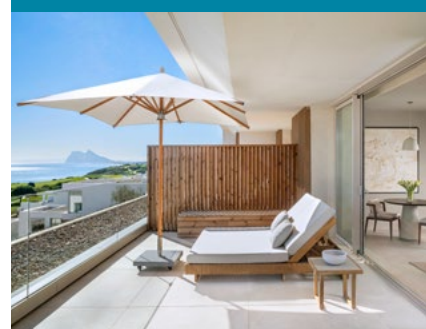
RECI
REAL ESTATE CREDIT
INVESTMENTS



Annual Report and Accounts 2026

Consistent attractive dividends from credit exposure to UK and Western European real estate credit markets

Real Estate Credit Investments is a specialist investor in the United Kingdom and Western European real estate credit markets with a focus on fundamental credit and value.



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Front cover: Hotel in Spain

Inside front cover images:
Top: Hotel in central London, UK
Middle: Prime office building in London, UK
Bottom: Hotel in Spain

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OVERVIEW
AS AT 31 MARCH 2026

Overview and Highlights

What We Offer

Defensive credit exposure to UK and Western European real estate credit markets

- Stable and uninterrupted dividends delivered consistently since October 2013

Granular portfolio with detailed disclosure

- 26 positions
- Diverse portfolio across sectors and geography

Attractive and stable income in a changing interest rate environment

- Consistent portfolio yield of 9%+ offering a buffer to risk-free rates
- A high-yielding portfolio, combined with a short weighted average life, ensures minimal exposure to yield widening and the ability to redeploy at higher rates quickly

Access to Cheyne's established real estate investment team and substantial origination pipeline

Key Figures

Net Assets

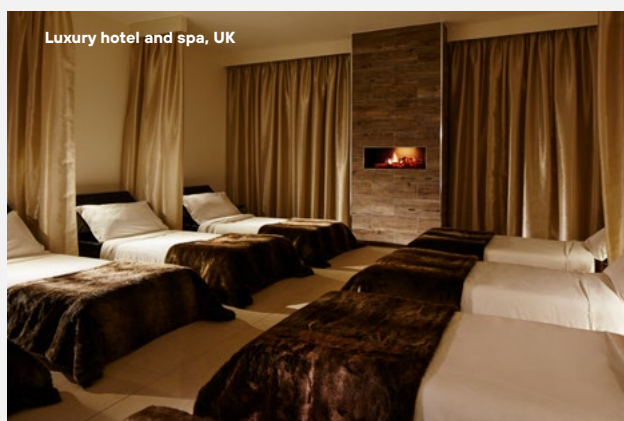
£305.9m

(31 March 2025: £318.4m)

NAV per Share

£1.38

(31 March 2025: £1.43)



Total Assets

£425.4m

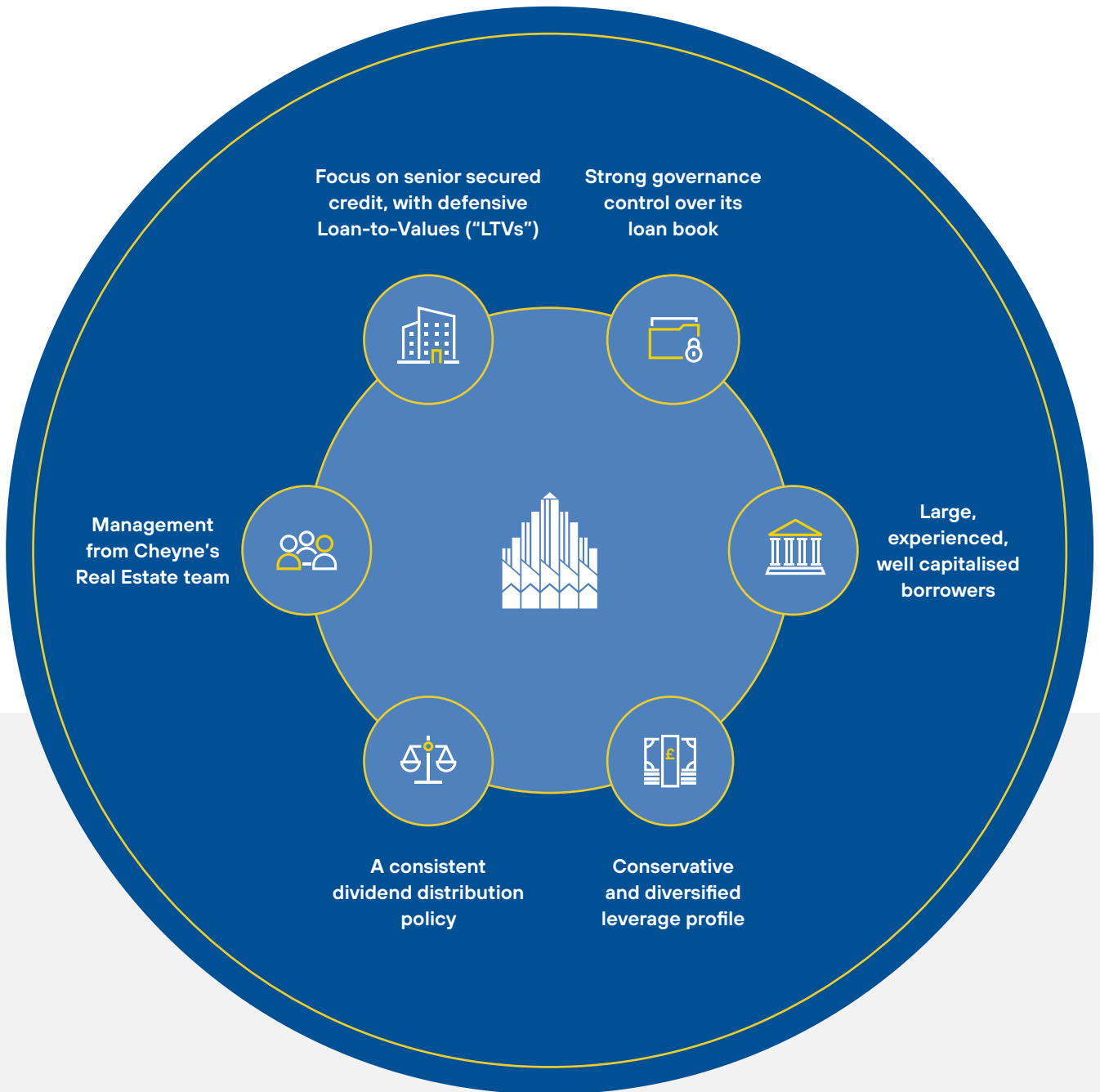
(31 March 2025: £391.7m)

Net Profit

£15.2m

(for the year ended 31 March 2025: £22.8m profit)

RECI Offers:



Total NAV Return

4.9%

(31 March 2025: 7.7%)

Dividend Yield

10.4%

(31 March 2025: 9.8%)

Share Price

115.5 pence

(31 March 2025: 122.0 pence)

Dividends

12.0 pence

(31 March 2025: 12.0 pence)

OVERVIEW

At a Glance

Providing compelling risk-adjusted returns.

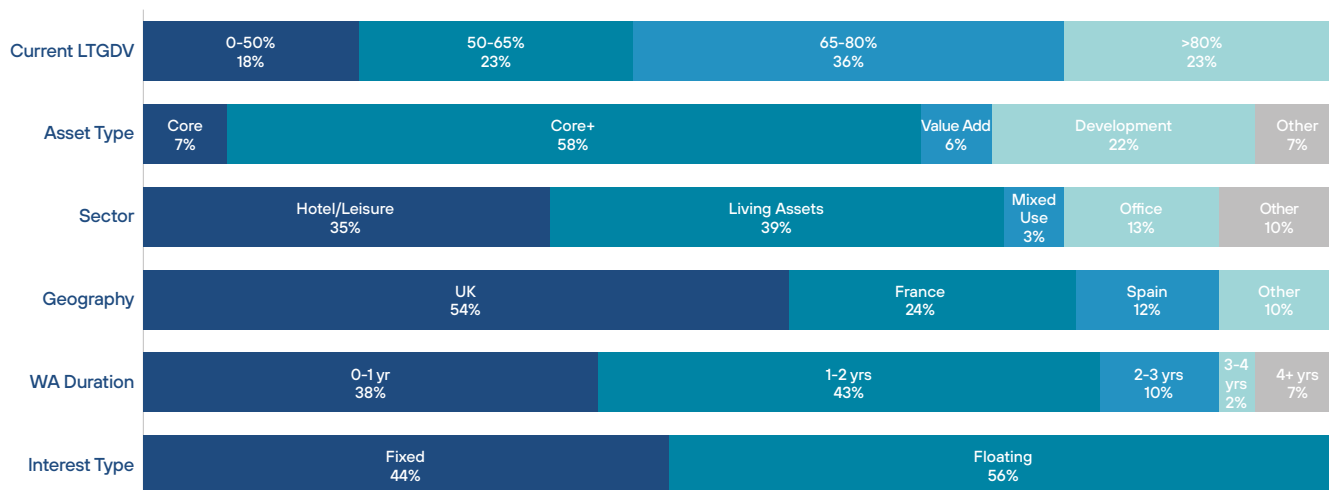
Real Estate Credit Investments Limited ("RECI" or the "Company") is a closed-ended investment company which originates and invests in real estate debt secured by commercial or residential properties in Western Europe, focusing primarily on the United Kingdom, France and Spain.

The Company's aim is to deliver a stable quarterly dividend with minimal portfolio volatility, across economic and credit cycles, through a levered exposure to real estate credit investments.

RECI's investments are predominantly in Self-Originated Loans and Bonds. The Company also holds a small portfolio of Market Bonds (listed real estate debt securities such as Commercial Mortgage Backed Securities ("CMBS")).

Investment Portfolio Composition

RECI's investment portfolio, a diversified book of 26 positions in real estate bonds and loans, was valued at £404.5 million including accrued interest, as at 31 March 2026, up from £369.5 million as at 31 March 2025. The portfolio had a weighted average levered yield of 11.5% and an average LTV ratio of 66.8% as at 31 March 2026.

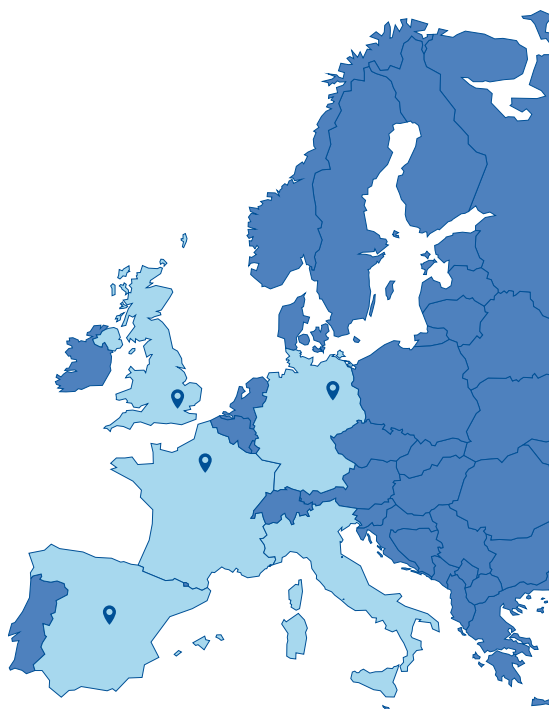


Portfolio by Geography

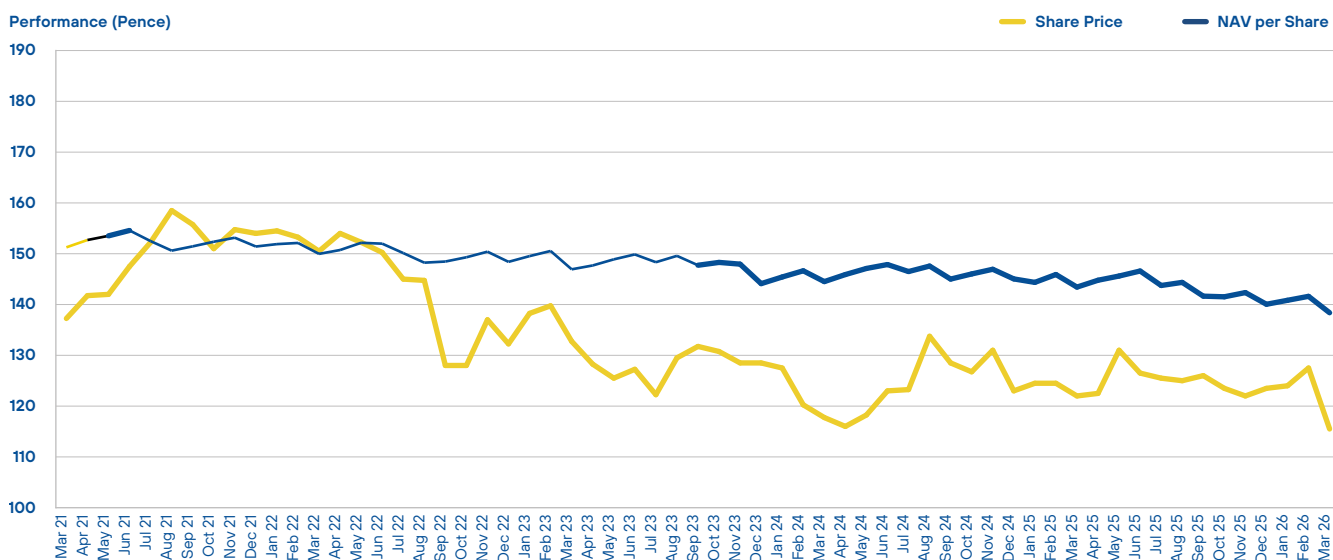
by % of Total Committed Capital including PIK

Country	Allocation March 2026 %	Change since March 2025 %
United Kingdom	53.7	(11.8)
France	24.1	(0.4)
Spain	12.2	7.6
Italy	7.1	4.2
Germany	2.9	0.4

📍 icons denote Cheyne Real Estate offices in Berlin, London, Madrid and Paris.



Share Price vs NAV per Share



NAV and Share Price

As at 31 March 2026

Net Assets	£305.9m
Shares Outstanding (net of treasury shares)	221.0m
NAV (per share)	138.4p
Share Price (per share)	115.5p
Discount	(16.5)%
Dividend Yield	10.4%
Market Capitalisation	£255.3m

Total NAV Return¹

Financial Year Ended 31 March 2026	4.9%
Prior Financial Year Ended 31 March 2025	7.7%
Last Three Financial Years Ended 31 March 2026	18.2%
Last Five Financial Years Ended 31 March 2026	34.5%

¹ The Total NAV Return measures the combined effect of any dividends paid, together with the rise or fall in the NAV per share. The Total NAV Return relates to past performance and takes into account both capital returns and dividends paid to Shareholders. Any dividends received by a Shareholder are assumed to have been reinvested in the assets of the Company at its NAV per share on the ex-dividend date. The Total NAV Return is considered an Alternative Performance Measure pursuant to ESMA Guidelines which is unaudited and outside of the scope of IFRS Accounting Standards ("IFRS").

OVERVIEW

About the Company

The Investment Objective of the Company is to provide Shareholders with attractive and stable returns, primarily in the form of quarterly dividends.

Real Estate Credit Investments Limited ("RECI" or the "Company") is incorporated in Guernsey, governed by the Companies (Guernsey) Law, 2008 (as amended) (the "Companies Law") and regulated as an authorised closed-ended investment scheme by the Guernsey Financial Services Commission. The Company will hold its next Annual General Meeting ("AGM") in September 2026, and a continuation resolution will be put to Shareholders in 2029.

The Company invests in real estate debt secured by commercial or residential properties in the United Kingdom and Western European countries focusing primarily on those countries where it sees the changing dynamics in the real estate debt market offering a sustainable deal flow for the foreseeable future. The Company has adopted a long-term strategic approach to investing and focuses on identifying value in real estate debt. In making these investments, the Company uses the expertise and knowledge of its Alternative Investment Fund Manager ("AIFM"), Cheyne Capital Management (UK) LLP ("Cheyne" or the "Investment Manager").

The shares are currently listed and traded on the Main Market of the London Stock Exchange. The shares offer investors a leveraged exposure to a portfolio of real estate credit investments and pay a quarterly dividend.

Website and Share Price Information

The Company has a dedicated website, which can be found at www.realestatecreditinvestments.com that contains information, including regulatory announcements, share price information, financial reports, investment objectives and strategy, investor contacts, information on the Board and information on the Alternative Investment Fund Managers Directive ("AIFMD").

Investment Objective and Investment Policy

Investment Objective

The Investment Objective of the Company is to provide Shareholders with attractive and stable returns, primarily in the form of quarterly dividends, by exposure to a diversified portfolio of real estate credit investments, predominantly comprising real estate loans and bonds.

Investment Policy

To achieve the Investment Objective, the Company invests and will continue to invest in real estate debt secured by commercial or residential properties in the United Kingdom and Western European countries.



Luxury hotel and spa, UK

The real estate credit investments may take different forms but are likely to be:

- (i) secured real estate loans, debentures or any other forms of debt instruments (together "Secured Debt"). Secured real estate loans are typically secured by mortgages over the property or charges over the shares of the property-owning vehicle. Individual Secured Debt investments will have a life profile ranging from six months to five years. Investments in Secured Debt will also be directly or indirectly secured by one or more commercial or residential properties, and shall not exceed a LTV of 85% at the time of investment;
- (ii) listed debt securities and securitised tranches of real estate related debt securities, for example, residential mortgage-backed securities and commercial mortgage-backed securities (together "CMBS"). For the avoidance of doubt, this does not include equity residual positions in CMBS; and
- (iii) other direct or indirect opportunities, including equity participations in real estate, so long as no more than 20% of the total assets will be invested in positions with an LTV in excess of 85% or in equity positions that are uncollateralised. On certain transactions, the Company may be granted equity positions as part of its loan terms. These positions will come as part of the Company's overall return on its investments and may or may not provide extra profit to the Company depending on market conditions and the performance of the loan. These positions are deemed collateralised equity positions. All other equity positions that the Company may invest in are deemed uncollateralised equity positions.

OVERVIEW

Chairman's Statement



Andreas Tautscher
Chairman

I am pleased to report that for the year ended 31 March 2026, RECI delivered a total net profit of £15.2 million and maintained an unchanged dividend of 3.0 pence per quarter, despite challenging times for the listed investment company sector.

The last financial year has once again been overshadowed by macro political events. At the interim report I spoke about President Trump's tariff agenda and the general volatility in the political world. At that point, I marvelled at the general resilience of the markets and their ability to absorb all this and still see growth in values. Likewise, bond markets, which are of course more relevant to RECI, also appeared to shrug off the instability.

Then we had the unexpected intervention by the US and Israel into Iran. This time the markets have responded with equities and commodities on a roller coaster ride with significant falls in the immediate aftermath of the war to a follow-up rally. Most core markets are now trading higher than the beginning of this year. The UK gilt market has not reacted in quite the same fashion. Ten-year gilts began moving up straight away and peaked above 5%. They have since fallen back but are still (at 4.8%) around 20bps higher than before the start of the conflict. Unfortunately, the UK gilt market appears to carry a political risk premium. Against a backdrop of renewed speculation about another change in Prime Minister, gilt yields are likely to remain relatively volatile versus peers.

With this backdrop and the expectation of higher inflation and rates, our share price has been impacted by investor sentiment expecting a period of higher rates. As Ravi explains in his report our underlying performance remains good, and we are not seeing any significant impacts in our 'market'.

But we need to be vigilant that there is bound to be some inflationary impact on UK and European markets. Closer to home the challenges we have seen in the broader investment company segment over the last year, allied to discount, liquidity and some governance issues, have not abated.

Against this challenging backdrop, the Board and Cheyne have continued to focus on RECI's core strengths and seek to deliver for our Shareholders. The Company's shares traded at an average discount to NAV of 12.8% during the financial year ended 31 March 2026. Reflecting market sentiment, the Real Estate Debt Sector traded at an average discount of 15.8% (excluding RECI) over the same 12 months (*source: Liberum, company data*).

During the financial year, the Company received interest and repayments on its portfolio to fund its existing investment commitments. The Board continues its practice of considering all options when assessing the levels of excess cash to be retained or deployed by the Company from time to time and how any such cash available for deployment should be allocated. Excess cash is regarded as the cash available following recognition of the obligation to ensure sufficient cash resources to pay, inter alia, the Company's expenses, borrowings, dividends and fund its ongoing contractual loan commitments, from time to time ("Available Cash").

Mindful of the Company's prevailing discount and Available Cash, the Board launched a successor buyback programme in March 2026.

The Directors and Cheyne remain committed to providing detail and transparency regarding the Company's portfolio and investment strategy, allowing all investors to focus on RECI and its merits and opportunities, notwithstanding the challenging broader market environment.

Reflecting your Board's and our Investment Manager's confidence in RECI and its future, the Directors and employees of Cheyne have purchased an aggregate of 283,891 shares in the Company since the start of the financial year on 1 April 2025.

Financial Performance

RECI reported a total net profit for the financial year ended 31 March 2026 of £15.2 million on year end total assets of £425.4 million, compared with a £22.8 million net profit in the year ended 31 March 2025, on year end total assets of £391.7 million.

The NAV as at 31 March 2026 was £1.38 per share (£1.43 per share as at 31 March 2025) which, combined with the 12.0 pence per share of dividends payable in respect of the year ended 31 March 2026, represents an annualised total NAV return for Shareholders of 4.9%.

Total quarterly dividends declared in respect of the financial year ended 31 March 2026 were an unchanged 12.0 pence per share, returning £26.6 million to our Shareholders.

During the year, RECI had average asset level structured leverage of £5.5 million, at an average borrowing cost of 7.4%.

During the financial year to 31 March 2026, the Company funded £185.6 million into existing investments, compared with £139.8 million in the previous financial year. RECI also received cash repayments and interest of £160.9 million in this year, compared with £113.6 million in the year ended 31 March 2025.

Financial Year Review

Due to the challenging real estate and credit markets the Company has experienced a decline in NAV of 5.0 pence per share over the period. This fall reflects markets view of broader valuations in the property markets and potential impact to the Company's assets notwithstanding the payment to Shareholders of four unchanged dividends, totalling 12.0 pence per share, during the year.

Cheyne maintained the strategy of focusing portfolio exposure upon lower risk senior loans, with 89.4% of the Company's committed capital comprised of senior assets by the financial year end. RECI's holding of market bonds had reduced to comprising just 4.2% of the portfolio commitments by 31 March 2026. The weighted average life of the whole portfolio was 18 months for the financial year ended 31 March 2026; and the weighted average LTV of the Company's portfolio was 66.8% (66.0% at 31 March 2025).

The Board and Cheyne have continued to monitor RECI's cash resources and repayments and to consider the appropriate level and blend of gearing for the Company. As at 31 March 2026, the Company's gross balance sheet leverage was £118.4 million (38.7% of NAV); its net effective leverage, including contingent liabilities of £2.9 million (being the partial recourse commitment provided to certain asset level structured finance counterparties), was 32.9% of NAV.

The negative market sentiment during our last financial year inevitably impacted RECI's share price and saw material discount widening across the investment funds sector generally and the credit and real estate sectors, in particular.

Following the Company's initial buyback programme in 2023, the Company announced a successor buyback programme on 28 March 2025, with an aggregate purchase price of all shares purchased of no more than £10.0 million, pursuant to which a total of 850,000 Ordinary Shares were purchased for treasury for an aggregate amount of £1.1 million. A further buyback programme was then announced on 27 September 2025 for £10.0 million, which has not been utilised.

On 31 March 2026, the Company announced that, having reviewed the current circumstances and assessed the Company's level and allocation of cash available for deployment, it intends to undertake a further buyback programme which will run to 30 September 2026.

The Company's shares closed at 116.5p on 17 June 2026 (a discount of 16.4%), which would provide a yield of 10.3% on the basis of continuing to pay a quarterly 3.0 pence dividend per share for the rest of the current financial year.

Chairman's Statement (continued)

The merits of RECI's offering appear to have been overlooked amid the broader volatile market and negative sector background. Your Board continues to believe that RECI provides investors with a highly attractive and sustainable long-term income stream.

RECI is well positioned to deliver this attractive dividend stream alongside a diversified NAV and provide investors with a substantial and liquid company (with total assets of £425.4 million and market capitalisation of £255.3 million as at 31 March 2026) with the potential for the shares to re-rate and the Company to grow over time.

Board Update

I am glad to confirm that membership of our Board has remained stable, and our well diversified backgrounds have helped us in dealing with the interesting times that we find ourselves in.

Broker Update

Following a review in Q1 2026 we have decided to appoint Investec Bank plc as sole Corporate Broker and Financial Adviser to the Company.

Environmental, Social and Governance Matters ("ESG")

Your Board continues to recognise and support the growing focus on ESG considerations and the importance of ethical factors, including climate change, when pursuing the Company's investment objective and in the selection of service providers and advisers to the Company.

In her role as "ESG Lead", Colleen McHugh works closely with Cheyne in overseeing RECI's ESG approach.

Page 26 of the Stakeholder Engagement section and pages 28 to 35 of the Sustainability Report provide further information about the Company's and the Manager's approach to ESG matters.

Outlook

2026 will likely be dominated by the outcome of the Iran war and its impact on interest rates and knock-on effect on economic growth. The UK also has the ongoing impact of moves within Labour to start a leadership election. Whilst the US mid-term elections are important, it is the above factors that are likely to have the greatest impact.

In considering all options when deciding on the appropriate allocation of the Company's Available Cash resources, the Board is mindful of when opportunities present themselves to achieve attractive repeatable returns from new investments and thereby enhance the "investment case" for RECI. Encouragingly, Cheyne and its new deal pipeline have ensured that RECI already has and will continue to benefit from the opportunities to lend at attractive returns of over 10% to enhance portfolio returns and dividend cover. Scheduled portfolio repayments over the rest of the year will boost available cash to be deployed into new higher yielding opportunities alongside funding the current and potential future buyback programmes.

The Directors believe that RECI remains soundly positioned to continue to deliver an attractive and stable dividend to investors seeking a reliable long-term income stream from a listed and liquid investment company, with a highly regarded specialist Investment Manager.

Andreas Tautscher
Chairman
24 June 2026

Key Performance Indicators ("KPIs")

	31 Mar 2026	31 Mar 2025
Balance Sheet		
Net asset value ("NAV") per share	138.4p	143.4p
Share price	115.5p	122.0p
Discount	(16.5)%	(14.9)%
Average discount in year ¹	(12.8)%	(15.4)%
Leverage (% of NAV) ²	38.7%	22.3%

¹ Average discount in year is the average of the difference between the share price and the NAV per share divided by NAV per share.

² Leverage is the recourse financing divided by the net assets.

	31 Mar 2026	31 Mar 2025
Earnings, Dividends and Total NAV Return		
Earnings per share	6.9p	10.2p
Dividends per share declared for the year	12.0p	12.0p
Total NAV Return (including dividends) annualised	4.9%	7.7%

Further Information

Monthly fact sheets as well as presentations are available on the Company's website: realestatecreditinvestments.com.



Annual Report and Accounts 2026

Business and Strategy Review

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BUSINESS AND STRATEGY REVIEW

Strategic Framework and Performance Highlights

Senior real estate lending remains a high conviction theme

Objectives

1

Provide investors with a diversified portfolio of real estate credit investments

2

Deliver a stable quarterly dividend with minimal volatility

3

Exploit opportunities in the real estate credit market

4

Position the Company to grow through opportunities the Investment Manager is delivering

Performance Highlights

Deal Repayments and Interest in Year

£160.9m

(for the year ended 31 March 2026)

Dividends Paid

£26.6m

(for the year ended 31 March 2026)

Investment Portfolio

£404.5m

(as at 31 March 2026)



Hotel in central London, UK

Performance Highlights

Progress in Year Ended 31 March 2026



- RECI's investment portfolio is a diversified book of 26 positions in real estate loans and bonds.
- Over the course of the last financial year, RECI funded £185.6 million into existing deals, with eight new commitments to deals.



- Paid out dividends of 3.0 pence per share each quarter, 12.0 pence over the year.
- A total of £26.6 million in dividends returned to our Shareholders using net earnings (£15.2 million) and other cashflows from the portfolio.



- The investment portfolio stands at £404.5 million as at 31 March 2026 which is spread across 26 positions with a weighted average levered gross yield of 11.5% and an average LTV of 66.8%.
- RECI received cash repayments and interest of £160.9 million in the year.



- RECI continues to migrate towards an all-senior loan book.
- Protection and maintenance of dividends by improved returns on the loans and re-investment.
- Continues to optimise funding lines.

BUSINESS AND STRATEGY REVIEW

Strategic Report

The Strategic Report describes the business of the Company and details the principal risks and uncertainties associated with its activities.

Investment Objective and Investment Policy

The Investment Objective and Investment Policy are set out on page 6, along with a further paragraph "About the Company" explaining in more detail the corporate structure and listing of the Company's shares.

RECI is externally managed by Cheyne, a UK investment manager authorised and regulated by the Financial Conduct Authority ("FCA"). Cheyne is a limited liability partnership registered in England and Wales on 8 August 2006 and is authorised and regulated in the conduct of investment business in the United Kingdom by the FCA. Cheyne is also the AIFM of the Company. Cheyne has offices in London, Berlin, Madrid, Bermuda, Dubai, Dublin, Monaco, Munich, New York, Paris, Sydney and Zurich.

Current and Future Development

A review of the year and outlook is contained in the Investment Manager's Report and also in the Chairman's Statement.

Performance

A review of performance is contained in the Key Performance Indicators ("KPIs") section and the Investment Manager's Report.

A number of performance measures are considered by the Board and the Investment Manager in assessing the Company's success in achieving its objectives and considering its progress and performance. The KPIs are shown on page 11.

Duties and Responsibilities

The Board has overall responsibility for optimising the Company's performance by directing and supervising the affairs of the business and meeting the appropriate interests of Shareholders and relevant stakeholders, while enhancing the value of the Company and also ensuring the protection of investors. A summary of the Board's responsibilities is as follows:

- statutory obligations and public disclosure;
- strategic matters and financial reporting;
- risk assessment and management including reporting, compliance, governance, monitoring and control; and
- other matters having a material effect on the Company.

The Board is responsible to the Shareholders for the overall management and strategy of the Company but has delegated day-to-day operations to the Investment Manager and Citco Fund Services (Guernsey) Limited ("Citco" or the "Administrator"), while reserving the powers of decision making relating to the determination of the Investment Policy, corporate structure and the management of the share capital of the Company.

The Board is further responsible for financial reporting, risk management and determining the dividend and accounting policies. While the Investment Manager manages the portfolio of the Company, the Board retains responsibility for overseeing the Investment Manager and ensuring the establishment and ongoing operation of a sound system of internal control. Any material contracts and those not in the normal course of business are also subject to approval by the Board.

The Board is also responsible for its own structure, size and effectiveness, with the delegation of some duties to Committees made up of its members. The Board retains control of the Committees and requires that they report to the full Board on a regular basis providing their findings and recommendations. The Nomination Committee is responsible for considering the size, structure and composition of the Board; retirements and appointments of additional and replacement Directors; and, as appropriate, makes recommendations to the Board. The Remuneration Committee determines Directors' remuneration and sets the Company's Remuneration Policy.

The Board performs a formal and rigorous review of its own performance and continually scrutinises its independence and transparency.

The Board's responsibilities for the Annual Report are set out in the Directors' Responsibility Statement. The Board is also responsible for issuing appropriate semi-annual financial reports and other price-sensitive public reports.

Long-term Viability

The Directors have assessed the prospects of the Company over a longer period than the 12 months required by the 'Going Concern' provision. The Board has chosen a period of three years which reflects the Company's three-year planning horizon. In doing so it notes that the average life of assets in its portfolio is approximately 18 months and there will be a substantial turnover of its investments in the three-year period.

The Board has identified a number of principal risks, which are detailed in the Risk management section of this report and has taken these into account when considering the long-term viability of the Company. Consideration has been given to the current market environment, including the ongoing economic impacts of relevant geopolitical and macroeconomic such as conflicts, higher interest rates, tariffs, inflation, supply chain disruption, climate change and cyber security risks.

The Investment Manager performs a granular analysis of the Company's future liquidity profile based on detailed cash flow modelling of each investment, incorporating the probability of delays in repayments. On a quarterly basis the Board reviews projected cash flows arising from the loan and bond portfolio over the lifetime of the underlying investments including interest income, realisation proceeds, short-term finance obligations and dividend cover.

The Board reviews stress testing performed by the Investment Manager on projected cash flows under a number of adverse scenarios, including delays in repayments from loans on the watch list, reduced cash flows from the investment portfolio, the inability to refinance repurchase agreements secured against market bonds and a combination of these events. These scenarios are designed to assess the impact of adverse developments affecting the underlying assets, borrower credit quality and the timing and amount of cash recoveries from the loan portfolio. In the scenario where repurchase facilities cannot be refinanced, it is assumed that the underlying market bonds are sold in an orderly manner to repay the associated borrowings, thereby removing the refinancing risk associated with those facilities.

Even under these stress scenarios and taking into account the leverage and liquidity profile of the bond portfolio, the Company is expected to be able to meet its liabilities over the three-year period and maintain the dividend through the use of reserves.

In assessing the Company's viability, the Board has also considered the continuity of its investment management arrangements. Given the established nature of the Investment Manager's platform and its broader activities across a range of real estate debt funds, the Board considers that the risk of disruption to investment management services to be low and expects these services to continue for the foreseeable future.

Based on the foregoing analysis, the Directors have a reasonable expectation that the Company has sufficient resilience to withstand its principal risks and will be able to continue in operation and meet its obligations as they fall due over the three-year period to 31 March 2029.

Risk Management

It is the responsibility of the Board of Directors to review and manage all risks associated with the Company, mitigating these either directly or through the delegation of certain responsibilities to the Audit and Risk Committee and Investment Manager. Additionally, the Board seeks to identify emerging risks and responds to them as they evolve.

The Board considers that the following are the principal risks and uncertainties faced and has identified the mitigating actions in place to manage them. At the date of this report, no additional emerging risks have been identified that are expected to have a material impact on the Company.

Long-term Strategic Risk

The Company is subject to the risk that its long-term strategy and its level of performance fail to meet the expectations of its Shareholders. The shares may trade at a continuing discount to NAV and Shareholders may be unable to realise their investments through the secondary market at NAV per share. The Board monitors the level of premium or discount of share price to NAV per share.

The Board monitors investment strategy and performance on an ongoing basis and regularly reviews the Investment Objective and Investment Policy in light of prevailing investor sentiment with aim of keeping the Company attractive to its Shareholders. The Board is committed to promoting the Company with the long-term aim of its share price trading at or around NAV and considers all options to achieve this.

Strategic Report (continued)

When appropriate the Company is able to undertake share buybacks to enhance NAV per share and potentially reduce any discount to NAV. This may be done when cash resources permit and in the context of prevailing market conditions and the one-time potential NAV uplift of a buyback compared with the potential repeatable long-term benefit of investments in attractive high-yielding opportunities to enhance RECI's returns. The effectiveness of the buyback strategy is reviewed at each Board meeting.

Details of the buyback programme are set out on page 9.

Target Portfolio Returns and Dividend Risk

The Company's targeted returns are based on estimates and assumptions that are inherently subject to significant business and economic uncertainties and contingencies, and the actual rate of return may be materially lower than the targeted returns. In addition, the pace of investment may be slower than expected, or principal may be repaid earlier than anticipated, causing the return on affected investments to be less than expected. In addition, if repayments are not promptly re-invested this may result in cash drag which may lower portfolio returns.

As a result, the level of dividends and other distributions to be paid by the Company may fluctuate and there is no guarantee that any such distributions will be paid.

The Company uses gearing to enhance the returns achieved on its investments. However economic circumstances and wider market considerations may arise, that mean the Investment Manager and Board deem it appropriate to reduce the level of gearing or maintain higher levels of cash reserves.

The Investment Manager regularly provides the Board with reports on pipeline opportunities, which include analysis of the expected returns available. The Directors also regularly receive information on the performance of the existing loans which includes analysis of the likelihood of any early repayments which may impact returns.

The fair value and future cash flows of a financial instrument may fluctuate because of changes in foreign currency rates, interest rates and other pricing assumptions. The exposure of the Company to these risks and the sensitivity to changes in interest rates and exchange rates is set out in detail in Note 14 to the financial statements.

The Company's market risk is managed on a daily basis by the Investment Manager. The Board reviews reports from the Investment Manager on compliance with investment limits and exposures to market risk on a quarterly basis.

Valuation Risk

The valuation and performance of the Company's investments that comprise its portfolio of real estate debt instruments are the key value drivers for the Company's NAV and interest income. Judgements over fair value estimates could significantly affect these key performance indicators.

The Company carries its investments and loan liabilities at fair value in accordance with IFRS 9 and establishes fair value utilising the methodology set out in Note 14(d) to the financial statements. The Audit and Risk Committee carries out a review of the valuation of the Investment Portfolio as described in its report on page 56.

Credit Risk

The Company is subject to the risk that the underlying borrowers of the loans and bonds in which it invests may default on their obligations or that certain events may occur which have an immediate and significant adverse effect on the value of such instruments. A loan may become a defaulted obligation for a variety of reasons, including non-payment of principal or interest, as well as covenant violations by the borrower. In the event of any default, the Company will bear a risk of loss of principal and accrued interest on the loan which could have a material adverse effect on the Company's investment. The Investment Manager seeks to mitigate this risk by performing due diligence and ongoing monitoring of the portfolio of investments, reviewing the underlying credit quality of borrowers, the performance of the underlying assets, and loan covenant compliance. The Board reviews the watch list and commentary received from the Investment Manager on a quarterly basis.

Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities on a timely basis.

The Investment Manager monitors the Company's liquidity position on a daily basis taking account of scheduled interest and capital repayments from borrowers and outgoings committed on new investments, dividends, expenses and the repayment of leverage loans. Where needed, the Investment Manager will seek to liquidate positions to increase cash or reduce leverage.

Much of the market for market bonds and real estate loans is relatively illiquid and some investments may not be freely tradable. Where the Company acquires investments for which there is no readily available market, the Company's ability to deal in any such investment in a timely fashion and to receive a fair price in response to changes in economic and other conditions may be limited.

The Company's liquidity risk is managed on a daily basis by the Investment Manager in accordance with policies and procedures detailed in Note 14(c) to the financial statements. The Board reviews the cash flow projections and the maturity profile of the Company's loans and liabilities on a quarterly basis.

Other Risk Factors

The Board gives consideration to and, together with the Investment Manager, monitors other relevant risks, in addition to the ones highlighted above; this includes a consideration of any relevant emerging risks as they evolve. These currently include: geopolitical and macroeconomic risks, supply chain disruption, the continuing impact of conflicts around the

world; and the effects of climate change and cyber security. Given the short weighted average life of the assets, and the continual replacement of assets in the portfolio from the wider Investment Manager's pipeline, such macro risks are worked through in the life of the assets. An evaluation of each of the Company's positions in light of these risks is continually monitored and any issues that might potentially impact the value of the investments are taken into account in the fair value.

The performance of service providers is a relevant risk, as the Company is dependent on the performance of the service providers. The Board and the Investment Manager regularly measure and evaluate the performance of the providers.



BUSINESS AND STRATEGY REVIEW

Investment Manager's Report

Positioning for stability
in an uncertain world

Ravi Stickney
Portfolio Manager

Managing Partner and CIO,
Cheyne Real Estate



Supporting the growth in European real assets

I would like to start by thanking the investors in RECI for their valuable feedback during the presentations and meetings we have had during this past year.

The last year started with a myriad of challenges to the global real assets space, thrown up by volatile governments (and policy) and war.

Coming into 2026, there was the hope that the inflation pressures and volatility was beginning to abate. However, this has been upended again.

RECI has delivered on its key objectives. However, it does continue to face the challenges that are clear to all global real assets: stagflation and uncertainty.

Its strategy of being invested in secured real assets lending retains its ability to protect the downside. In this environment where funding for growth in the UK and Europe is in desperate need, RECI has been able to contribute to that via its continued funding of much needed real asset production.

The returns earned on the senior secured loans have improved during these last few years (especially since 2022). The space for direct real estate lending in Europe remains shallow with high barriers to entry facing nascent alternative lenders.

RECI (and the Cheyne Real Estate platform), having been in operation now for 18 years in the business of funding real estate, continues to support this much needed asset class.

Macro volatility and implications for real assets

This time last year, I wrote on US government policy volatility (especially tariffs) and the negative implication for global growth and persistent higher inflation.

There have been multiple events since then that are relevant to global assets (and real estate in particular):

1. The advance in AI capability and implications for industry sectors most exposed;
2. The volatility in corporate private credit pricing, losses, transparency and liquidity;
3. The war in Iran;
4. Uncertainty on rate paths in the US; and
5. Still high fiscal deficits in the Western world.

Global growth has been concentrated in the US and parts of the Far East. However, that growth has predominantly been driven by AI and its adjacencies.

All of the variables above do impact real estate.

The starting point for thinking on/of real estate must be the need for the underlying asset itself. To this, there is little doubt that development of key assets is much needed for growth. For example, the availability of affordable housing remains a large impediment to growth in the UK and Europe. In London, the lack of new prime offices inhibits the ability of global operators to locate key people to where they need to be. There is also significant need for education assets, healthcare, aged care, technology, energy and defence assets.

Setting aside the need for the assets, it is unavoidable that all asset valuations will be negatively affected by the variables now clear across the world: elevated persistent uncertainty and inflation.

Hence, the challenge for the real asset community is how to invest into much needed assets, with the difficulties in dealing with a very high degree of uncertainty.

RECI – review of the year

Healthy repayments against a difficult backdrop

Given the above, RECI's shift to redeploying its receipts into senior secured real estate lending sits well with the ability to manage the downside against volatility, earning a high return and being able to constantly recycle its capital.

Description	Proceeds	IRR
Core+ senior loan for hotels and spas in the UK	£19.6m	7.0%
Senior loan for the development of later living build-to-sell assets across three locations in the UK	£8.3m	9.3%
Senior loan for the acquisition and development of industrial sites in the UK	£59.9m	8.7%
Senior loan to refinance a later living development in London	£17.7m	8.1%
	£105.5m	8.4%

Recycling into Senior Secured loans

RECI has competing uses for its available cash: dividend payments, maintenance of a cash buffer and also share buybacks.

Beyond these, it is able to participate (alongside the Cheyne Real Estate debt funds) in new senior secured loans collateralised by real estate assets (spanning income producing assets through to development) in Europe and the UK.

During the year it deployed its recycled capital into eight loans and one CMBS, totalling £134.1 million gross commitments.

High returns, low risk from a shallow marketplace

The loans that Cheyne Real Estate makes offer an attractive return for the senior secured risk. This has been a persistent feature of RECI's senior lending book. The main drivers for these remain in place, namely, the very high barriers to entry into a specialised asset class for alternative lenders. Unlike corporate direct lending, real estate lending requires a large list of skills and a substantial platform of people, systems,

On the latter, global private equity firms have clearly struggled with return of capital to their funds (and investors). This is driven by valuations being much lower today versus four years ago at the inception of the investment and, crucially, that the funding landscape for the same assets (be it corporate or real estate) is no longer supportive of a sale or refinance. Elevated rates and lower valuations make capital recycling difficult for equity investors. Whilst there will be an impact on delays for senior lending, the recovery of capital (and timing of this) is far less an issue for senior secured lending.

This past year, RECI continued to realise a healthy number of investments (and at realised returns which are perhaps commensurate with equity investing).

RECI fully realised four loan investments, totalling £105.5 million in gross proceeds with a weighted average unlevered IRR of 8.4%.

skills and track record to provide for stability and returns. This is especially lacking in the UK and Europe.

Local banks remain healthy with defensive balance sheets in the real estate space. They do offer support to RECI in the form of financing and remain good partners over many years.

Volume and scale

The need for funding real estate is only growing. The need comes from (a) the need to develop assets, (b) the need to reposition old assets and (c) the need to recapitalise stabilised assets facing into unstable capital valuations and markets.

Cheyne Real Estate has seen its volume of loan production increase significantly since 2022 and forecasts a continued trend of growth in its lending across Europe. It has offices in London, Madrid, Paris, Berlin and origination staff across the rest of Europe. In each jurisdiction, the demand for capital is significant.

RECI, subject to the competing uses of its capital, should participate in this volume growth at these higher returns.

Investment Manager's Report (continued)

Financing

RECI adheres to a limited amount of leverage which is secured against the individual loan investments.

At the year end, this amounted to 38.7% (31.9% net of cash) of its NAV against the limit of 40%.

RECI has long established relationships with its partner banks. That track record helps maintain and grow the ability of RECI to fund its investments.

Whilst we do expect the cost of financing to increase with global volatility, we are confident in the strength of those banking relationships to continue to work with RECI in funding its investments.

Challenged Loans

The RECI senior loan book is resilient across its 21 deals. There have been no additions to the challenged loan investments from the prior year. The challenged sector, for RECI, remains its offices in France that have seen a slow take up post the pandemic.

These French office senior loans make up 9.4% of RECI's NAV. There are two loans with collateral located in Paris. Both are to sponsors who have successfully delivered prime "Grade A", ESG excellent offices. Both assets are, however, in secondary locations outside the core central business district. Of the two, one asset is located in the weaker eastern district (2.7% of NAV). This remains unlet despite a growing interest in the building.

The second (larger), asset is located stronger northwest district (6.7% of NAV). This building is now under offer for substantially all of its available space to a Grade A tenant. Whilst that is positive on the leasing aspect, the liquidity for the asset, we believe, will remain muted for the time being.

Dividend

RECI's dividend continues to be uncovered by total return. Thus, maintaining and ultimately improving RECI's net income remains critical to sustaining dividend payments to investors in the future. Although the year saw incremental investments deployed at higher yields, alongside a marginal reduction in financing costs, the path to achieving full dividend cover remains dependent, in the absence of further capital formation, on the reinvestment of loan repayments into new investments.

The Year Ahead

The landscape of senior lending, at scale, into UK and European real estate has improved markedly for Cheyne Real Estate and RECI in the past year. The global volatility drives the need for assets and the need for funding those assets. European real estate credit is a difficult market for new entrants. Investors and borrowers tend to favour established managers with a long track record, strong relationships and proven experience through market cycles.

All of this supports the need for RECI to participate in the production of new senior loans alongside Cheyne.

RECI does, however, remain constrained by the availability of its balance sheet and growth. The positives of investing in this asset class are hampered by the inability to grow the company at this time and it remains our priority at Cheyne to bring the attractive growing universe of European real estate direct lending to public market investors.

Residential property in London, UK



BUSINESS AND STRATEGY REVIEW

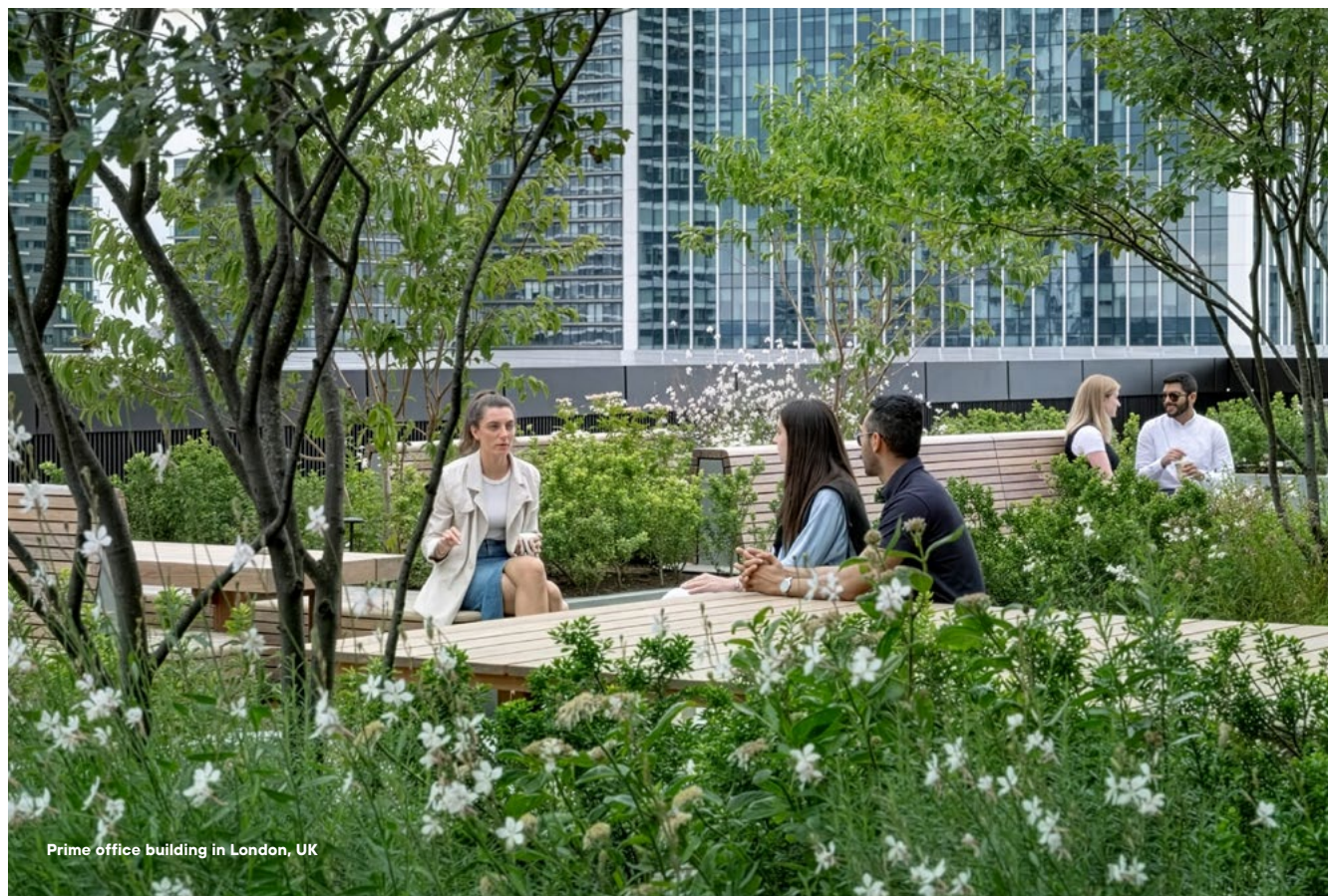
Stakeholder Engagement



The Board is committed to promoting the long-term success of the Company whilst conducting business in a fair, ethical and transparent manner.

Whilst directly applicable only to companies incorporated in the UK, the Board recognises the intention of the AIC Code that matters set out in section 172 of the Companies Act 2006 are reported on. The Board strives to understand the views of the Company's key stakeholders and to take these into consideration as part of its discussions and decision-making process. As an investment company, the Company does not have any employees and conducts its core activities through third-party service providers.

Each provider has an established track record and through regulatory oversight is required to have in place suitable policies and procedures to ensure they maintain high standards of business conduct, treat their own stakeholders fairly, and employ corporate governance best practice. The Company strongly believes that fostering healthy and constructive relationships with its broad range of stakeholders should result in increased Shareholder value over the long term.



Prime office building in London, UK



Investors

Why they are important

The Board believes that the maintenance of good relations with Shareholders is important for the long-term prospects of the Company and seeks engagement with investors.

How the Board engages

The Directors and Cheyne are committed to providing detail and transparency regarding the Company's portfolio and investment strategy, allowing all investors to focus upon RECI and its merits and opportunities, notwithstanding the broader market environment. The Chairman and other Directors are available for discussion about governance and strategy with major Shareholders and the Chairman ensures communication of Shareholders' views to the Board. The Board also receives feedback on the views of Shareholders from Investec Bank plc (the "Corporate Broker") and the Investment Manager, and Shareholders are welcome to contact the Chairman or any Director at any time via the Company Secretary.

Key activities during the year

AGM

The Directors believe that the AGM provides an appropriate forum for Shareholders to communicate with the Board and encourages participation. There is an opportunity for individual Shareholders to question the Chairmen of the Board and the Audit and Risk Committee at the AGM. The Board assesses the results of AGMs considering whether the number of votes against or withheld in respect of resolutions are such as to require discussion in the subsequent Annual Report.

Publications

The Company reports to Shareholders with both monthly fact sheets and semi-annual update presentations, along with the Annual and Interim reports.

These are available on the Company's website:
realestatecreditinvestments.com

The Company currently makes available a Key Information Document on its website in accordance with the EU Packaged Retail and Insurance-based Investment Products Directive. However, the UK retail disclosure framework is expected to transition to the Consumer Composite Investments regime, under which a product summary will replace the existing PRIIPs-style disclosure.

Events

Throughout the last financial year, the Investment Manager continued to provide a detailed and comprehensive review of RECI's portfolio as part of our programme of enhanced investor communication. A number of online events and meetings were held to maintain a regular dialogue with our Shareholders and potential new investors. In addition, the Board continues to work with its service providers to enhance the Company's website and fact sheet.

Stakeholder Engagement (continued)



Community and Environment

Why they are important

In carrying out its activities, the Company aims to conduct itself responsibly, ethically and fairly. The Directors recognise the importance of environmental, social and governance factors, including climate change, when pursuing the Company's Investment Objective and in the selection of the service providers and advisers the Company works with. The Board is alive to the magnitude of the evolving ESG landscape. It has determined that ESG considerations, and their communication, must be fundamental to all its operations and has consequently nominated an ESG lead to co-ordinate and drive internal discussion. The Board, in conjunction with the Investment Manager, continues to closely monitor upcoming regulation and any developments in this area.

How the Board engages

The Board's ESG Lead, Colleen McHugh works closely with Cheyne in monitoring RECI's approach towards developing and implementing an ESG Framework. Pages 28 to 35 of the Sustainability Report provide further information about the Company's and the Investment Manager's approach to ESG matters.

Key activities during the year

The Investment Manager engages on an ongoing basis with an external Real Estate ESG specialist consultant to assist with developing its framework and provide assurance on a comprehensive scorecard-based approach using a borrower questionnaire and ESG data templates for each deal. The questions in Cheyne's borrower questionnaire have been grouped and weighted to enable a proprietary 0-5 scoring against the following Target Characteristics:

- E1 Commitment to Environmental Risk Monitoring
- E2 Contribution to Positive Environmental Action
- S1 Supporting Social Wellbeing

Qualifying Investments must achieve a score of 3 or higher on at least one of the Target Characteristics.

The ultimate aim is to align the Investment Manager's principles with industry recognised benchmark standards to identify a minimum ESG standard needed across RECI's portfolio. The move to a more qualitative system has significantly helped the Investment Manager identify and understand ESG-based risks in its portfolio more easily, and not only assist with lowering risk and increasing quality, but also helped collate and measure the data required to track progress in what is a fast-moving but increasingly important area of focus. The Investment Manager has now fully embedded the ESG framework within its investment process, which includes regular training for the Real Estate team and wider Cheyne employees.

The Investment Manager has also appointed a leading Real Estate asset level focused sustainability consultant to develop its Climate Risk & Decarbonisation Strategy. Every proposed transaction across RECI's portfolio is subject to a Carbon Risk Real Estate Monitor ("CRREM") alignment assessment. An asset is considered CRREM-aligned if its current or projected operational carbon and energy use intensity are in line with the targets set by CRREM for a particular building type, location, and time horizon. These targets are based on global climate goals to limit warming to 1.5°C or 2°C, and becoming CRREM-aligned means the asset avoids 'stranding' by maintaining acceptable levels of carbon intensity as regulations and market expectations tighten over time.

Additionally, the Company has decided to purchase carbon offsets for all flights that may be required by the Directors and the Investment Manager, thereby facilitating a carbon neutral position, as pertains to travel. The Company recognises that this action is the first step in an evolving climate strategy, that should encompass carbon removal as well as carbon offsets.

To support the reduction of its carbon footprint, the Company has adopted an electronic-first approach to shareholder communications. Shareholders on the register receive communications electronically wherever possible, with the Company's website serving as the primary platform for shareholder publications. Currently approximately 71% of the Company's Shareholder register receive documents and other communications electronically.



Service Providers

Why they are important

Effective relationships with service providers help the Company achieve its objectives, including its investment objectives, and to operate in an efficient and compliant manner.

Commercial service providers: Investment Manager, Administration agent, Corporate broker, Legal advisers, Auditor and Key service providers are retained, providing continuity of service and familiarity with the objectives of the Company.

The Audit and Risk Committee receives information from the Company's service providers with the majority of information being directly sourced from the Company Secretary, Administrator, the Investment Manager and the external auditor.

How the Board engages

The Management Engagement Committee meets at least once a year for the purpose of evaluating the performance of the Company's service providers, the review of service agreements and service level statements and the level and method of their remuneration. The Audit and Risk Committee considers the nature, scope and results of the auditor's work and reviews its performance annually prior to providing a recommendation to the Board on the reappointment or removal of the auditor.

Key activities during the year

The Board has detailed and constructive discussions with some service providers regarding service provision and fees. Details of the responsibilities of the Investment Manager, Investment Advisor, MUFG Corporate Markets (Guernsey) Limited (Registrar), and Aztec Financial Services (Guernsey) Limited (Company Secretary) can be found on page 96. Other service providers include our corporate broker, lenders, auditors, counsel and other advisors.

BUSINESS AND STRATEGY REVIEW

Sustainability Report

RECI's Approach to Sustainability

RECI aims to operate in a responsible and sustainable manner over the long term. The Company prioritises continuous enhancement of ESG credentials across the portfolio, and its success is aligned with the delivery of positive outcomes for all its stakeholders, not least the communities in which the buildings that it finances, live, work and enjoy.

The Company's main activities are carried out by Cheyne, the Investment Manager, and as such the Company adopts the Investment Manager's policy and approach to sustainability and integrating ESG principles.

The Investment Manager was one of the initial signatories to the Standards Board for Alternative Investments (formerly known as the Hedge Fund Standards Board) and is a signatory to the United Nations-supported Principles for Responsible Investment ("PRI").

Several standards and codes have received prominence as metrics for investment managers. These include, for example, the UN Principles for Responsible Investment, the Task Force on Climate-related Financial Disclosures ("TCFD"), the Financial Reporting Council's Stewardship Code, and the FCA's Sustainability Disclosure Requirements ("SDR"). The UK Government has published the UK Sustainability Reporting Standards ("UK SRS"), comprising UK SRS S1 and UK SRS S2, which establish the UK's framework for sustainability-related disclosures and are closely aligned to IFRS Sustainability Disclosure Standards. The UK SRS are currently available for voluntary use by UK entities and are intended to provide consistent, decision useful information to investors, with future mandatory application expected to be implemented through subsequent FCA rules and UK legislation.

The Investment Manager's Stewardship Committee provides firmwide oversight over its processes, seeking to ensure compliance with existing Responsible Investment and ESG policies and procedures, and creates a direct communication channel for all ideas and concerns around ESG. In addition, the ESG Implementation Forum acts as a conduit for the streamlining of various initiatives across investment lines and ensures that it continuously improves its ESG standards.

Cheyne's Partnership with Evora Global



ESG considerations have formed a key part of Cheyne's approach to investments in real estate for many years.

In 2022, Cheyne appointed a leading sustainability consultant specialist Evora to prepare customised ESG borrower questionnaires and ESG data templates for each of the relevant real estate asset types: standing asset, refurbishment and development. To support ongoing quality assurance and continuous improvement, we have additionally appointed EVORA to undertake an annual verification exercise.

EVORA undertakes a validation review of the application of the ESG questionnaire to a representative sample of completed deals. This process focuses on validating how the ESG questionnaire has been implemented, rather than retrospectively altering scores. It is intended to provide assurance, identify opportunities for refinement, and share insights with the Cheyne team.

The ongoing partnership with a leading external specialist is expected to enable Cheyne to remain at the forefront of the ESG agenda and provide an independent checkpoint to challenge their ESG investment process and ensure robustness.

Cheyne's Partnership with Carbon.Climate.Certified

This partnership, established in 2024, represents the evolution of Cheyne's approach to ESG as it relates to their real estate portfolios.

Cheyne has appointed Carbon.Climate.Certified ("CCC") to prepare a CRREM alignment assessment for every proposed transaction. A CRREM-aligned asset has an emissions and energy intensity profile aligned with the Paris Climate Goals of limiting global temperature rise to 2°C, with ambition towards 1.5°C. For standing assets, this is the current profile, for development assets, the projected profile to have once operational.

CCC work to establish the scope for the net zero pathway, determine targets, deliverable requirements and create an action plan for net zero alignment and staged gateway reporting. Cheyne evaluates the assessment, together with the borrower, to consider viability of achieving CRREM alignment. While not all our investments will be CRREM aligned, we require all our borrowers to commit to the CRREM alignment assessment process.

Cheyne Real Estate Core ESG Principles

VALUE ENHANCING

Cheyne believes that an overarching focus on ESG considerations is entirely aligned with our investment goals.

- Sustainability credentials directly support real estate valuations
- Sustainable, energy efficient buildings are more valuable to asset owners by:
 - Supporting higher rents, lower vacancies and lower operating costs
 - Supporting exit valuations.

RISK REDUCING

ESG considerations in our investments are not merely a passive analysis but rather the opportunity to effect positive change.

- Cheyne is a key stakeholder in our investments, frequently the sole lender to a real estate asset
- This provides the ability to directly engage with all new sponsors to help drive the ESG agenda directly and seek to address any deficiencies and opportunities to improve sustainability credentials of the asset
- This is particularly relevant in development, value add and transitional financing, which represents a core focus for Cheyne.

ACTIVELY ENGAGED

Incorporating Sustainability into the Investment Process

Due Diligence

RECI is primarily invested in real estate loans and other real estate based debt investments. Key factors taken into consideration, where appropriate and possible, are best-in-class environmental, design and construction standards, a focus on Building Research Establishment Environmental Assessment (“BREEAM”) ratings, governance rights and engagement with sponsors. Sustainability risks are considered during the Investment Manager’s initial due diligence in respect of an investment opportunity, including as part of the external valuations of the real estate being financed (such valuations typically consider any environmental and/or social risks) and early engagement with potential borrowers or issuers through a data gathering exercise.

The Investment Manager’s analysts also compile reports using data gathered from their own due diligence and external reports, environmental performance indicators (including BREEAM ratings and Energy Performance Certificates) and investigations (including through the use of forensic accountants and other third-party consultants). This information is included in the investment committee memorandum, which is considered by the Investment Manager’s investment committee prior to an investment being made.

Decision-Making Process

Sustainability risks are considered as part of the investment decision-making process for RECI. In particular, the following sustainability risks are typically considered, both in respect of the real estate being financed and/or the relevant borrower or issuer:

- Environmental: power generation (including its sustainability), construction standards, water capture, energy efficiency, land use and ecology and pollution.
- Social: affordable housing provisions, community interaction and health and safety conditions.
- Governance: management experience and knowledge and anti-money laundering, corruption, and bribery practice.

Documentation

The Investment Manager seeks to ensure that borrowers are formally required to adhere to its ESG processes, as well as applicable ESG laws and regulations, as a condition to lending. ESG considerations are therefore an integral part of RECI’s loan documentation. All borrowers are expected to comprehensively complete ESG data requests in a timely manner, including the ESG questionnaire and carbon emissions data and/or energy use data. In addition, the Investment Manager expects its borrowers to commit to a CRREM alignment evaluation, and engage in a discussion on viability of achieving CRREM alignment.

Sustainability Report (continued)

Ongoing Management

Sustainability risks also form part of the ongoing monitoring of RECI's investments, with regular reports and ongoing engagement from borrowers and issuers incorporating information related to sustainability risks provided to the Investment Manager. Where appropriate, the investment team will assist borrowers and issuers in addressing ESG-related issues and support its borrowers' and issuers' efforts to report externally and internally on their ESG approach and performance in relation to material sustainability risks.

Exit

ESG considerations are already having an impact on underlying real estate values and whilst clear data driven evidence is in its infancy, the Investment Manager is acutely aware that during the life of the loans that RECI is writing, this will become much clearer. As such this is an important consideration regarding risk analysis now; hence the approach above is an integral tool when calculating, managing and measuring risk.

Cheyne has taken a staged approach in developing its ESG strategy, with its philosophy drawing on the following four drivers:

- The Greater Good
- Value Enhancement/Risk Management
- Regulation
- Investor Expectations

Cheyne has worked with Evora to prepare customised ESG questionnaires for each of the real estate asset types the Cheyne real estate lending funds finance: standing, refurbishment and development assets, together with a borrower questionnaire. An ESG data template has also been prepared (one template for all asset types).

The questionnaires seek to quantify each investment's performance against key ESG criteria, utilising a consistent approach to enable aggregation across the assets within the relevant Cheyne fund. The score is set at a stringent enough level to effect a conversation about enhancing the ESG characteristics if they are not up to Cheyne's standards.

The questionnaires are used by Cheyne's analysts to undertake a broad-based ESG evaluation of a proposed investment – focusing on both the sponsor and the asset itself.

Standards and Guidance

A range of external guidance and best practice standards have been used to inform the development of the ESG questionnaires, including:

- Global Real Estate Sustainability Benchmark ("GRESB")
- Building Research Establishment Environmental Assessment Method ("BREEAM")
- EU Taxonomy
- Sustainable Finance Disclosure Regulations ("SFDR")
- Minimum Energy Efficiency Standards ("MEES")

Outlook and Focus Areas 2026 and Beyond

The Company knows that its Shareholders, including the Directors of the Company, see attention to ESG factors as critical in its assessment of Cheyne as the Investment Manager. The Company expects ESG to remain a dominant theme within the financial services industry going forward; the course being taken by regulators suggests that its importance will only increase in years to come; the research process and the investment judgements the Company makes will continue to reflect that and to evolve as necessary.

The continuing evolution is demonstrated through the Investment Manager in completing and implementing its ESG framework which now forms the basis of an evaluation tool to influence investment decisions from an ESG perspective for new projects. The addition of a leading ESG asset level consultant to capture more defined asset level metrics and formulate a Decarbonisation Strategy, represents the next phase of the Investment Manager's ESG evolution. This commitment reflects the Investment Manager's dedication to environmental stewardship, sustainability, and the wellbeing of the communities it serves. As part of its involvement with this project, the Investment Manager will assess the alignment of its investments with the CRREM framework, to secure its assets and reduce the risk of stranding.

The Investment Manager firmly believes that adopting this approach will:

- Enhance the quality of the portfolio and help to protect value;
- Stay ahead of investor demand to invest in sponsors that have a plausible and demonstrable ESG strategy;
- Use capital to drive/accelerate change in the real estate arena in regard to ESG; and
- Provide a measurable approach to understanding the ESG dynamics of our portfolio.

These efforts are being fully incorporated into the investment process and allow the Investment Manager to influence borrowers and to improve the ESG standards of projects which they fund.

Looking ahead, one of the main focuses will be on evolving regulatory requirements. This year the Investment Manager will produce its third FCA TCFD entity report. Cheyne will also be producing a publicly available FCA TCFD product level report for RECI, due to its role as Investment Manager.

The Investment Manager is monitoring the European Commission's legislative proposal published in November 2025 to overhaul the Sustainable Finance Disclosure Regulation ("SFDR"), which introduces a fundamental shift

from a disclosure-based regime to a more prescriptive product categorisation framework supported by defined eligibility criteria, mandatory exclusions and streamlined disclosure requirements. The proposal remains subject to the EU legislative process and may be amended prior to implementation, with application expected no earlier than 18 months following entry into force and, on current indications, unlikely to take effect before 2027–2028.

Further details on Cheyne's ESG policy can be found on its website: cheynecapital.com/esg-responsible-investment/



Responsible Investment Highlights 2026

Investment example 1

Office Asset (United Kingdom)



ENVIRONMENTAL

- The building has achieved best-in-class credentials: BREEAM Outstanding, WELL Platinum ready, Wiredscore & Smartscore Platinum and Nabers 5*
- Building's energy usage has been halved through the refurbishment, despite the addition of three new floors
- There are 15,000 sq ft of green terraces space which improve the biodiversity
- By maintaining 25% of the original structure, the development saved 10,260 tonnes of CO₂ equivalent to planting 51,300 trees.

SOCIAL

- The Sponsor makes an affordable workspace contribution which provides an environment for creatives to work at a discounted rate
- Regularly contributes its roof terrace to SoFar Sounds, a producer of intimate concerts led by local singer songwriters which are open to the public
- Level 14 on the terrace is used to host events for organisations such as ULI, which is a global cohort of built environment professionals.

GOVERNANCE

- The Sponsor has several senior executives responsible for ESG matters and the asset management team includes two full time sustainability professionals that oversee sustainability initiatives specifically
- The Sponsor participates in a number of industry initiatives, including PRI, BSR, ELFA, EDCI, GRESB, PCAF and TCFD
- The Sponsor also focuses on diversity objectives. 45% of its workforce is female and it has developed a strategy to improve the firm's diversity.

Investment example 2

Co-Living Scheme (United Kingdom)



ENVIRONMENTAL

- Car-free development with dedicated cycle parking and on-site rental bikes, encouraging sustainable transport
- BREEAM 'Outstanding' rating achieved through sustainable technologies across construction and operation
- 100% of electricity and gas supplies are sourced from renewable energy
- Targeting a 90% recycling rate and zero waste to landfill.

SOCIAL

- Coworking facilities and commercial workshops/studios are offered at 20% below local market rental rates
- Public events at the canal side pavilion showcase local artists, community members, and their work
- Communal spaces and an on-site events programme tackle loneliness and isolation
- High-quality, community-focused co-living accommodation with dedicated amenity spaces for socialising
- Local employment opportunities provided through apprenticeships and training.

GOVERNANCE

- Cheyne has a firm grasp of the governance of the structure and continues to oversee management initiatives
- Cheyne will retain control rights through its JV participation and will therefore ensure the Sponsorship upholds the highest quality of due diligence and governance in its investments.

Responsible Investment Highlights 2026 (continued)

Investment example 3

Residential Development (United Kingdom)



ENVIRONMENTAL

- Air source heat pump technology provides low-carbon heating and hot water
- Designed to achieve c.50% carbon reduction, supported by photovoltaic panels, biodiverse roofs and enhanced landscaping
- Over £1.35 million contributed towards local carbon offsetting initiatives
- BREEAM Excellent target for the commercial and retail elements.

SOCIAL

- Delivery of 876 new homes, including 294 affordable homes
- Construction phase supported local employment, apprenticeships and training opportunities
- New pedestrian and cycle connections, public realm improvements and transport infrastructure upgrades
- Public access enhanced through new open spaces and a permissive path alongside Wealdstone Brook.

GOVERNANCE

- Delivered under a robust planning and Section 106 framework, including affordable housing and carbon reduction commitments
- Independently monitored by employer's agents, monitoring surveyors, building control and warranty providers
- Site-wide Building Control certification achieved in 2026
- Sponsor maintains environmental, health & safety, anti-slavery and modern slavery policies.

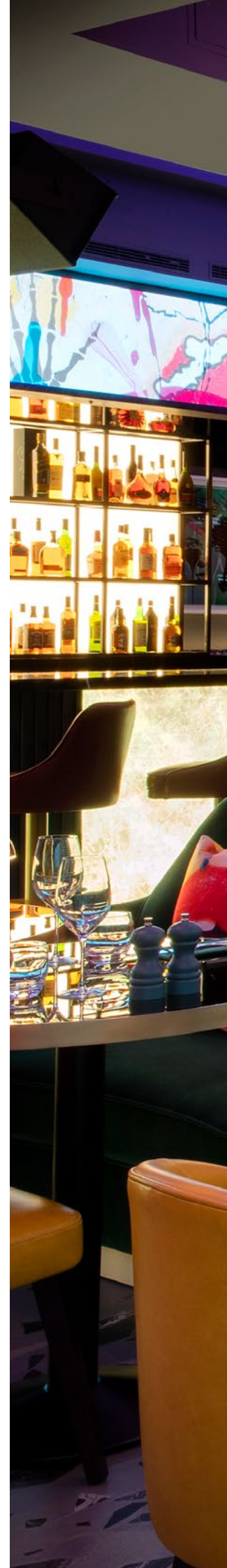


Annual Report and Accounts 2026

Governance

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GOVERNANCE

Board of Directors



Andreas Tautscher

(Chairman)
(Guernsey resident).

Mr Tautscher is an experienced Financial Services former executive who now focuses on acting as an Independent Director on Listed and Private Funds as well as other regulated businesses. He is currently a Director and Chairman of Audit Committee for two AIM Listed Boards, a LSE listed Aircraft Leasing platform as well as a local Bank and Asset Manager. From 1994 until 2018, Andreas was a senior executive at Deutsche Bank and was most recently CEO Channel Islands and Head of Financial Intermediaries for EMEA and LATAM. He also sat on the UK Regional Governance Board of Deutsche and the EMEA Wealth Management Exco. He has also served on Local Government advisory committees and was for six years a non-executive director on the Virgin Group Board. Andreas' first career was in the Oil Industry as a Geologist before moving to PricewaterhouseCoopers CI LLP where he qualified as a Chartered Accountant in 1994. He has been a member of the Board since May 2024.



Susie Farnon

(Chair of the Nomination Committee and
Senior Independent Director)
(Guernsey resident).

Mrs Farnon is a Fellow of the Institute of Chartered Accountants in England and Wales and qualified as an accountant in 1983. She is a former Banking and Finance partner of KPMG Channel Islands from 1990 until 2001 and head of the Channel Island Audit Practice from 1999. She has served as President of the Guernsey Society of Chartered and Certified Accountants and as a member of the States of Guernsey Audit Commission and as vice-chairman of the Guernsey Financial Services Commission. Susie is a non-executive director of one other investment company listed on the London Stock Exchange and was a board member of the Association of Investment Companies from 2018 until January 2025. She has been a member of the Board since February 2018.



Colleen McHugh

(Chair of the Management Engagement Committee and ESG Lead)
(Guernsey resident).

Mrs McHugh is an experienced investment professional with over 25 years in the financial services industry, including roles in investment management and private banking. She has worked with publicly listed banks such as HSBC, Barclays, and Butterfield Bank, primarily within international financial centres. Her career includes senior investment roles, most recently as Chief Investment Officer at Wealthify, a UK-regulated digital adviser within the Aviva PLC group, and previously as Managing Director of 1818 Venture Capital, a Guernsey-based licensed asset manager. In addition to her executive experience, Colleen serves as a non-executive director on the boards of listed and private investment funds, as well as a Guernsey-licensed commercial and captive insurance company. Colleen is a Chartered Wealth Manager and a Fellow of the Chartered Institute for Securities & Investment (CISI). She holds an Economics degree from the University of Ireland, Galway, an MBA from the University of London and the ESG Certificate from the CFA Institute. She has been a member of the Board since March 2021.

Mark Thompson

(Chair of the Audit and Risk Committee and Chair of the Remuneration Committee)
(Guernsey resident).

Mr Thompson is a Guernsey resident with over 30 years' experience in the offshore finance industry. He is a Chartered Accountant (ICAEW), Chartered Director (IoD) and a former chairman of the Guernsey Branch of the Institute of Directors. Mark is a non-executive director of Rocq Capital Holdings Limited and was formerly the chairman of the London listed investment company Trian Investors 1 Ltd. Mark worked for KPMG for 31 years in London, Hong Kong and Guernsey where his roles included audit partner, head of audit and senior partner of KPMG in the Channel Islands. Mark has been a member of the Board since November 2024.

GOVERNANCE

Management Team



Ravi Stickney

Head of Cheyne Real Estate/Portfolio Manager

Ravi is Head of the Real Estate Team. He joined Cheyne in 2008 and has 20 years' experience in the real estate debt markets. Previously, he was on ING Bank's proprietary investments desk (2005 to 2008), with sole responsibility for managing a €400 million long/short portfolio of European commercial real estate credits and CMBS. Prior to that, he was at Lehman Brothers (2002 to 2005), structuring and executing UK and European CMBS/RMBS and commercial real estate mezzanine loans. He acted as sole operating adviser on the restructuring and eventual sale of the first distressed UK CMBS deal, and he continues to play an active role in the direction of various distressed European real estate credits. He began his career on the UK commercial real estate desk at Ernst & Young in 1998.



Andrew Sergeant

Chief Operating Officer (COO), Real Estate

Andrew has 16 years' experience with Cheyne, having joined in 2007. He is responsible for the daily operations of the Real Estate business including cash management, securitisations, loan drawdowns, hedging, tax compliance and corporate governance. Andrew is an approved director in Jersey under the JFSC and holds several UK directorships. Prior to Cheyne, Andrew held trading support positions at Deutsche Bank, JP Morgan, and Citibank. Andrew earned a First Class BA from the University of Leicester in 2003 and holds the CFA Certificate in Investment Management (IMC).



Kirran Sky

Deputy Portfolio Manager, Real Estate

Kirran joined Cheyne in 2022 from a subsidiary of Oaktree Capital where he worked with the flagship Opportunities Funds since 2016 in Portfolio Management, Origination/UW, and modelling/systems development. Prior to this he worked for Apollo Global Management's European Principal Finance funds in Portfolio Management, and Nationwide Building Society's Management Development Programme in Non-Performing Loans, and Commercial Credit Risk. Kirran has a BSc in Mathematics from Loughborough University.



Ashley Martinelli

Portfolio Associate, Real Estate

Ashley joined Cheyne in 2024 from JP Morgan Chase where she was Audit Senior Associate. Previously, she completed the Audit graduate programme at PwC Ireland in the Asset and Wealth Management division. Ashley is a Chartered Accountant and a CFA Charterholder. She has earned a BSc in Business and Economics at the University of Bologna and an MSc in Finance at UCD's Michael Smurfit Graduate Business School.



Arron Taggart

Head of UK

Arron has over 25 years' experience in the real estate markets. He joined Cheyne in August 2012 to originate real estate loans in the UK and Northern Europe. Prior to Cheyne, Arron was a Property Specialist and Partner at Clydesdale Bank responsible for the origination and execution of real estate loans in London and the South of England. He was also responsible for the management of the loan portfolio and setting regional strategy. Prior to Clydesdale Bank, he was at Bank of Scotland and Hitachi Capital.



Raphael Smadja

French Origination

Raphael joined Cheyne in January 2014 and has 20 years' experience. Prior to Cheyne, he was an Associate Director in Real Estate Finance at Deutsche Pfandbriefbank, responsible for sourcing and structuring commercial real estate loans across Europe. Prior to that, he held positions within the Real Estate Finance and CMBS space at Moody's, UBS and Morgan Stanley.



Daniel Schuldes

European Origination

Daniel has over 18 years' experience in the European real estate debt and ABS markets. He joined Cheyne in 2007 and specialises in the origination, structuring, negotiation and execution of German real estate credit transactions. He was previously an associate on Credit Suisse's asset finance team in London, which was responsible for originating and structuring the bank's European securitisations. He focused on fundamental analysis of RMBS collateral.



Sa'ad Malik

Structured Credit

Sa'ad joined Cheyne in 2016. Prior to joining Cheyne, he founded Rhino Investment Management LLP in 2011, an FCA-authorized boutique investment and advisory firm, active in the European commercial real estate market. Among his responsibilities were strategy, origination, client management, structuring and execution. He previously worked for Lehman Brothers International (Europe) in 2004, and for Credit Suisse Securities (Europe) Limited in 2005, when he was Director in their European Real Estate Finance & Securitisation area, and had a central role in building the Titan Europe CMBS platform. Sa'ad started his career in 2000 with Commerzbank Securities in asset-backed finance.



Lydia Boos

Legal Counsel

Lydia is Legal Counsel for the Cheyne Real Estate Team. Prior to joining Cheyne in 2018, Lydia was a senior associate at Bryan Cave Leighton Paisner LLP where she worked since starting her legal training in 2008. Lydia joined BCLP's real estate finance department upon qualifying as a solicitor in September 2010. At BCLP, Lydia was responsible for advising a range of lender and sponsor clients on real estate focused investment and development transactions across a variety of sectors, often including complex intercreditor structures.

GOVERNANCE

Directors' Report

The Directors present their report and the audited financial statements for the year ended 31 March 2026.

General Information

The Company was incorporated in Guernsey on 6 September 2005 with registered number CMP43634.

The "About the Company" section of the Annual Report on page 6 provides information regarding the structure of the Company, the investment objective and the listing details of the shares of the Company.

The Company's investment management activities are managed by the Investment Manager, who is also the Alternative Investment Fund Manager ("AIFM"). The Company has entered into an Investment Management Agreement under which the Investment Manager manages its day-to-day investment operations, subject to supervision by the Company's Board of Directors. The Company is an Alternative Investment Fund ("AIF") within the meaning of the Alternative Investment Fund Managers Directive ("AIFMD") and accordingly the Investment Manager has been appointed and registered as the AIFM of the Company.

Principal Activity and Business Review

The principal activity of the Company during the year was that of an investment company investing in real estate credit investments. For full details of the Investment Policy of the Company see page 6.

Results and Dividends

The results for the year and the Company's financial position as at year end are shown on pages 67 and 68. Dividends totalling £26.6 million (31 March 2025: £26.7 million) were paid on the shares during the year.

A fourth interim dividend for the year ended 31 March 2026 of 3.0 pence per share (31 March 2025: 3.0 pence per share) was approved by the Directors on 24 June 2026 and is payable on 24 July 2026. This fourth interim dividend has not been included as a liability in these financial statements.

The Company purchased 0.9 million (31 March 2025: 3.3 million) shares in the market during the year. The total amount paid to purchase the shares was £1.1 million (31 March 2025: £4.2 million).

Capital Structure

Details of the authorised, issued and fully paid share capital, together with details of the movements in the Company's issued share capital during the current and prior year, are shown in Note 13 to the financial statements.

The Company currently conducts its affairs so that the shares issued by the Company can be recommended by Independent Financial Advisers to ordinary retail investors in accordance with the FCA rules in relation to non-mainstream pooled investment products and intends to continue to do so for the foreseeable future. The shares are excluded from the FCA's restrictions which apply to non-mainstream investment products because they are shares in an investment company which, if it were domiciled in the United Kingdom, would currently qualify as an investment trust.

The Company has one class of shares which carry no right to fixed dividends. Each share carries the right to one vote at general meetings of the Company.

No person has any special rights of control over the Company's share capital.

Board of Directors

The Board appoints all Directors on merit. When the Nomination Committee considers Board succession planning and recommends appointments to the Board, it takes into account a variety of factors. Knowledge, experience, skills, personal qualities, residency and governance credentials play an important part.

The Directors of the Company who served during the year and to the date of this report were:

Andreas Tautscher
Susie Farnon
Colleen McHugh
Mark Thompson

The following summarises the Directors' directorships in other public companies listed on the London Stock Exchange:

Director	Company Name
Andreas Tautscher	Doric Nimrod Air Three Limited
	Doric Nimrod Air Two Limited
Susie Farnon	Ruffer Investment Company Limited
Colleen McHugh	Chenevari Toro Income Fund Limited
	Ruffer Investment Company Limited

All Directors are independent of the Investment Manager and free from any business or other relationship that would materially interfere with the exercise of their independence.

Mrs Farnon and Mrs McHugh are both on the board of Ruffer Investment Company Limited but the Company believes that this does not impact their ability to be considered independent.

With regard to the appointment and replacement of Directors, the Company is governed by its Articles of Incorporation (the "Articles") and the Companies (Guernsey) Law, 2008 (as amended). The Articles themselves may be amended by special resolution of the Shareholders. The powers of Directors are described in the Articles and in the financial statements in the Corporate Governance Statement.

The Directors' interests in the share capital of the Company (some of which are held directly or by entities in which the Directors may have a beneficial interest) as at the publication date are:

	Number of Shares	% of Company
Andreas Tautscher (Chairman)	27,000	0.01%
Susie Farnon	77,750	0.04%
Colleen McHugh	92,000	0.04%
Mark Thompson	10,000	0.00%

Substantial Interests in Share Capital

Chapter 5 of the Disclosure and Transparency Rules requires disclosure of major Shareholder acquisitions or disposals (over 5% of the shares) in the Company (see list below of major Shareholders). During the year, there were no notifications of such transactions (31 March 2025: ten notifications). Since 1 April 2026, there were no notifications.

List of major Shareholders as at 31 March 2026:

Name	% Shares Held	Total Shares Held
Oaktree Capital Management ¹	20,887,799	9.45%
Hargreaves Lansdown Asset Mgt ¹	20,124,211	9.10%
Aberdeen plc ¹	14,968,159	6.77%
Premier Milton Group ¹	13,397,856	6.06%
Waverton Investment Management ¹	12,162,318	5.50%

¹ Shares are held by the Shareholders as brokers and nominees for underlying pool of investors.

Directors and Officers Liability Insurance

Directors and Officers liability insurance is in place, was held throughout the year and is due for renewal on 6 July 2026.

Website

The Directors are responsible for the oversight of the website and delegate to Cheyne responsibility for the maintenance and integrity of the financial and corporate information included on it.

The Investment Manager

Having reviewed the performance of the Investment Manager, the Directors are satisfied that the continued appointment of the Investment Manager on the terms agreed is in the best interests of the Shareholders and the Company. The Company has entered into the Investment Management Agreement under which the Investment Manager manages its day-to-day investment operations. Details of the Investment Management Agreement can be found in Note 16 to the financial statements.

Auditor

PricewaterhouseCoopers CI LLP was appointed as the Company's external auditor at the 2025 AGM.

The Audit and Risk Committee reviews the appointment of the auditor on an annual basis.

Principal Risks and Uncertainties

Principal risks and uncertainties are discussed in the Strategic Report.

Directors' Report (continued)

Related Party Transactions

Related party transactions are disclosed in Note 16 to the financial statements.

Going Concern

The Directors believe it is appropriate to adopt the going concern basis in preparing the financial statements as, after due consideration, they consider that the Company has adequate resources to continue in operational existence for a period of at least 12 months from the date of signing the audited financial statements.

Note 2 to the financial statements provides details of the matters the Directors have taken into account in making their assessment of going concern.

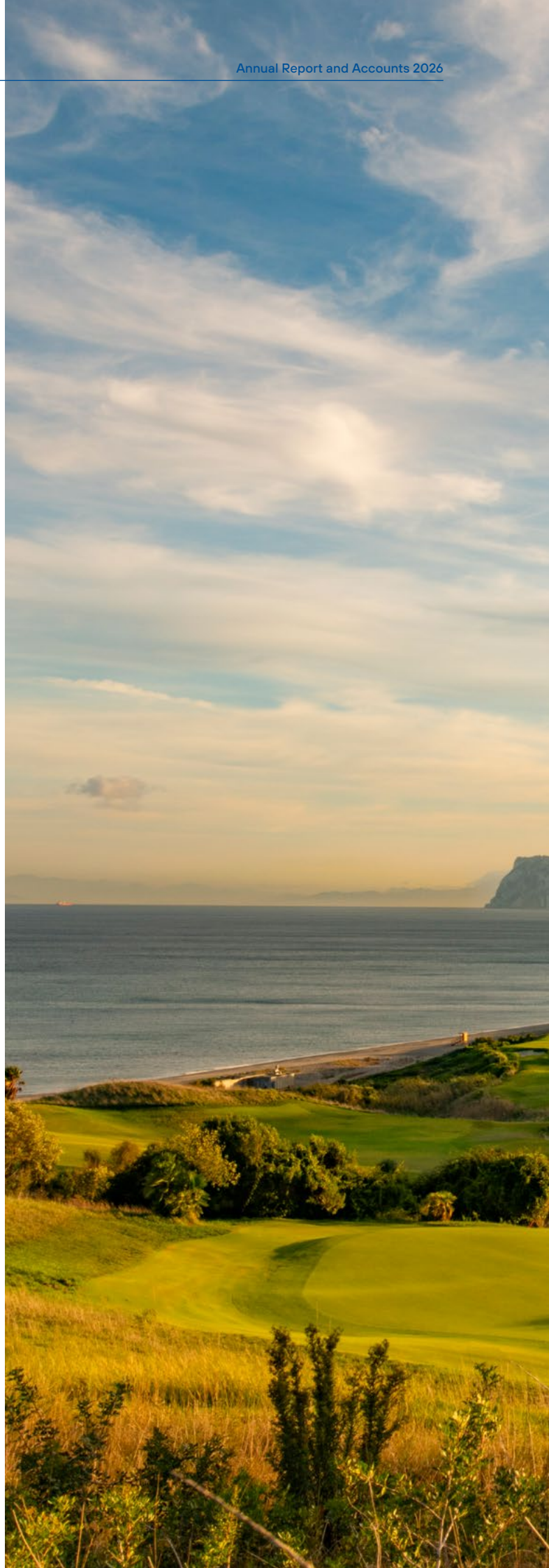
AGM

It is intended that the AGM of the Company will be held at 10:30am on 16 September 2026 and details of the resolutions to be proposed at the AGM, together with explanations, will appear in the Notice of Meeting to be distributed to Shareholders in due course. Members of the Board will be in attendance at the AGM and will be available to answer Shareholder questions.

On behalf of the Board on 24 June 2026.

Andreas Tautscher
Director

Mark Thompson
Director





GOVERNANCE

Remuneration Committee Report

As in other areas of corporate governance, the Company seeks to adhere to the Association of Investment Companies Code of Corporate Governance ("AIC Code") and has established a Remuneration Committee. Although the Company is not incorporated in England and Wales it is mindful of the regulations that apply to such companies in the context of remuneration and will seek to make appropriate disclosures. All Directors are non-executive and are not eligible for bonuses, pension benefits, share options, long-term incentive schemes or other benefits, performance-related or otherwise. Directors do not have service contracts and there is no provision for compensation for loss of office. All Directors are entitled to be repaid all expenses reasonably incurred in the performance of their duties and have signed a letter of appointment setting out the terms of such appointment.

The prime purpose of the Committee is to determine the Company's Remuneration Policy within the limits set by the Articles of Incorporation which currently state that the remuneration paid to each Director by way of fees shall not exceed €160,000 in any financial year. Additionally, they provide that if any Director performs any special duties, or renders services, outside of the ordinary duties of a Director, that Director shall be paid such reasonable additional remuneration as the Board may determine.

The Committee is authorised by the Board to seek, subject to a financial limit, such independent advice as it may deem necessary in the discharge of its responsibilities.

Composition of the Committee

The Committee is chaired by Mark Thompson and is composed of all the Directors including the Chairman of the Company, who was deemed independent at the time of his appointment. This membership is considered appropriate as, collectively, its members are believed to have the necessary experience and knowledge to fairly determine remuneration.

Remuneration Policy

The current policy adopted by the Committee is set out below and will be tabled at the next AGM for approval by Shareholders along with this Report.

The Company's Remuneration Policy is that fees payable to the Directors should reflect the experience and expertise of and the responsibilities borne by the Directors and the time spent on the Company's affairs and be sufficient to attract, retain and motivate individuals of high calibre with suitable skills, experience and knowledge and to ensure that their remuneration is set at a reasonable level commensurate with their duties and responsibilities. No element of the Directors' remuneration is performance related.

In determining the level of these fees, the Committee obtains and takes account of reliable, up-to-date information about remuneration in other companies of comparable scale and complexity together with general economic conditions. To help it fulfil its obligations, the Committee shall have full authority to appoint remuneration consultants and to commission or purchase any reports, surveys or other information which it deems necessary.

Implementation of the Policy

Remuneration is reviewed every three years, with the last major review of Board remuneration taking place in 2025. In the interim, the Committee notes that during the year ended 31 December 2025, Guernsey RPIX increased by 3.4% and therefore has recommended that the Chairman's fee should increase from £93,000 to £96,000 and the base fee for other Directors should increase from £45,000 to £46,500. It was agreed to leave unchanged the additional fees paid to the Directors filling the other leadership roles on the Board.

As a consequence of these recommendations, the following table sets out the projected remuneration of Board members for the financial year ending 31 March 2027 as compared to the previous year:

	Year ending 31 March 2027 GBP (projected)	Year ended 31 March 2026 GBP (actual)
Andreas Tautscher (Chairman)	96,000	93,000
Susie Farnon (Senior Independent Director and Nomination Committee Chair)	49,000	61,000
Colleen McHugh (Management Engagement Committee Chair and ESG Lead)	51,500	52,500
Mark Thompson (Audit and Risk Committee Chair and Remuneration Committee Chair) ¹	62,500	45,000

¹ Mark Thompson took over as chair of the Audit and Risk Committee and Remuneration Committee with effect from 1 July 2025 from Susie Farnon and Colleen McHugh respectively.

Statement of Shareholder Voting

At the last AGM held on 17 September 2025, resolutions to approve the Remuneration Committee Report and Remuneration Policy were passed as follows, reflecting the same very high level of approval as the previous AGM:

- Remuneration Committee Report - 80,120,978 votes (99.38%) cast in favour and 499,735 votes (0.62%) against
- Remuneration Policy - 80,120,978 votes (99.37%) cast in favour and 509,735 votes (0.63%) against

Future Reviews

It is anticipated that full reviews will not take place at less than three yearly intervals but that the Committee will, in the early part of each year, review the changes in Guernsey RPIX to determine if it is appropriate to increase the Chairman's fee and the base fee for other Directors.

Mark Thompson
Remuneration Committee Chair
24 June 2026



Prime office building in London, UK

GOVERNANCE

Corporate Governance Statement

Statement of Compliance with Corporate Governance

The Company is a member of Association of Investment Companies ("AIC") and by complying with the AIC Code is deemed to comply with both the UK and the Guernsey Financial Services Commission ("GFSC") Code where relevant.

To comply with the UK Listing Regime, the Company must comply with the requirements of the UK Corporate Governance Code.

The Board has considered the principles, provisions and recommendations of the AIC Code and considers that reporting against these will provide appropriate information to Shareholders. To ensure ongoing compliance with these principles the Board reviews a report from the Company Secretary identifying how the Company is in compliance and identifying any changes that might be necessary.

The Company has complied with the recommendations of the AIC Code throughout the accounting period, except as set out below.

The AIC Code includes provisions relating to:

- the role of the chief executive;
- executive directors' remuneration; and
- the whistle-blowing policy.

The Board considers some of these provisions are not relevant to the position of the Company as it is an externally managed investment company. The Directors are non-executive and the Company does not have employees, and the Board is satisfied that any relevant issues that arise can be properly considered by the Board or by Shareholders at AGMs. The Remuneration Committee considers matters relating to Directors' remuneration. An external assessment of Directors' remuneration has not been undertaken. The Company's Remuneration Policy is that fees payable to the Directors should reflect the experience and expertise of and the responsibilities borne by the Directors and the time spent on the Company's affairs and be sufficient to attract, retain and motivate Directors of a quality required to run the Company successfully. Please refer to the Remuneration Committee Report on pages 46 and 47.

The Board

The Directors' details are listed in the Directors' Report, which set out their range of investment, financial and business skills and experience.

The Board meets at least four times a year and, in addition, there is regular contact between the Board, the Investment Manager and the Company Secretary including an annual strategy meeting and the Investment Manager due diligence visits, when the Board attends the offices of the Investment Manager and meets with senior executives. Further, the Board requires that it is supplied in a timely manner with information by the Investment Manager, the Company Secretary and other advisers in a form and of a quality appropriate to enable it to discharge its duties.

Duties and Responsibilities

The Board has overall responsibility for optimising the Company's performance by directing and supervising the affairs of the business and meeting the appropriate interests of Shareholders and relevant stakeholders, while enhancing the value of the Company and also ensuring the protection of investors. A summary of the Board's responsibilities is as follows:

- statutory obligations and public disclosure;
- strategic matters and financial reporting;
- risk assessment and management including reporting, compliance, governance, monitoring and control; and
- other matters having a material effect on the Company.

The Board is responsible to Shareholders for the overall management of the Company. The Board has delegated the day-to-day operation of the Company to the Investment Manager, Administrator and the Company Secretary. The Board reserves the powers of decisions relating to the determination of the Investment Policy, the approval of changes in strategy, capital structure, statutory obligations, public disclosure and the entering into of any material contracts by the Company.

	Scheduled Board Meetings Attendance	Nomination Committee Meeting Attendance	Audit and Risk Committee Meeting Attendance	Management Engagement Committee Meeting Attendance	Remuneration Committee Meeting Attendance
Attendance by:					
Andreas Tautscher (Chairman)	4/4	1/1	3/3	1/1	1/1
Susie Farnon	4/4	1/1	3/3	1/1	1/1
Colleen McHugh	4/4	1/1	3/3	1/1	1/1
Mark Thompson	4/4	1/1	3/3	1/1	1/1

The previous table is an extract of the various Directors' attendance at Board and Committee meetings for the financial year compared against those for which they were eligible to attend.

In addition to the scheduled meetings, one ad hoc meeting was convened during the year. Given that it principally concerned administrative and transactional matters, it was attended by those Directors available at the time.

Chairman

The Chairman, Mr Tautscher, is responsible for leadership of the Board, ensuring its effectiveness on all aspects of its role and setting its agenda. The Chairman is also responsible for ensuring that the Directors receive accurate, timely and clear information. The Chairman is responsible for effective communication with Shareholders and can be contacted through the Company Secretary.

Senior Independent Director

Mrs Farnon is the Senior Independent Director ("SID") and as such, her primary roles are to support the Chairman and act as an intermediary for the other non-executive Directors in matters relating to the Chairman including leading them in the annual performance evaluation of the Chairman.

The SID is also available to Shareholders who may have any concerns which contact through the normal channels of the Chairman and AIFM has failed to resolve or for which such contact is inappropriate. Mrs Farnon can also be contacted through the Company Secretary.

Board Independence

For the purposes of assessing compliance with the AIC Code's Principles and Provisions, the Board considers whether the current Directors are independent of the Investment Manager and free from any business or other relationship that could materially interfere with the exercise of their independent judgement. In making this assessment, consideration is also given to all other factors which might be relevant including length of service. The Board has concluded that all Directors remain independent.

Committees of the Board

In accordance with the AIC Code, the Board has established an Audit and Risk Committee, a Nomination Committee, a Management Engagement Committee and a Remuneration Committee, in each case with formally delegated duties and responsibilities within written terms of reference.

Audit and Risk Committee

The Audit and Risk Committee is chaired by Mr Thompson, and its other members are Mrs Farnon, Mrs McHugh and Mr Tautscher. The terms of reference of the Audit and Risk Committee state that it will meet not less than three times in each financial year. In the year ended 31 March 2026, the Audit and Risk Committee met at three formal meetings. The Audit and Risk Committee Report on pages 54 to 57 sets out the role and activities of this Committee and its relationship with the external auditor.

Nomination Committee

The Nomination Committee is chaired by Mrs Farnon, and its other members are Mr Tautscher, Mrs McHugh and Mr Thompson. The members of the Nomination Committee are and will be independent Directors. The terms of reference state that the Nomination Committee will meet not less than once a year; will have responsibility for considering the size, structure and composition of the Board; retirements and appointments of additional and replacement Directors; and that the Nomination Committee will make appropriate recommendations to the Board.

The Board appoints all Directors on merit. When the Nomination Committee considers Board succession planning and recommends appointments to the Board, it takes into account a variety of factors. Knowledge, experience, skills, personal qualities, residency and governance credentials play an important part. The Board aims to have a balance of skills, experience, diversity (including gender) and length of service and knowledge of the industry. The Board undertakes an evaluation of its performance on an annual basis. The performance of each Director is considered as part of a formal review by the Nomination Committee.

Corporate Governance Statement (continued)

The position of Chairman of each Committee will be reviewed on an annual basis by the Nomination Committee, and their membership and terms of reference are kept under review.

The performance of the Chairman of the Board will be assessed by the SID through appraisal questionnaires and discussions with the other Directors.

Management Engagement Committee

The Management Engagement Committee is chaired by Mrs McHugh, with its other members being Mr Tautscher, Mrs Farnon and Mr Thompson. The Committee will meet at least once a year for the purpose of evaluating the performance of the Company's service providers, the review of service agreements and service level statements and the level and method of their remuneration.

Remuneration Committee

The Remuneration Committee is chaired by Mr Thompson, with its other members being Mr Tautscher, Mrs Farnon and Mrs McHugh. The Committee will meet at least once a year for the purpose of determining Directors' remuneration and setting the Company's Remuneration Policy.

Director Re-Election, Tenure and Induction

The Nomination Committee has considered the question of a policy on Board tenure. It is strongly committed to striking the correct balance between the benefits of continuity and those that come from the introduction of new perspectives to the Board. As provided for in the AIC guidelines, and in order to phase future retirements and appointments, the Board has not, at this stage, adopted any specific limits to terms, but expects to refresh the Board at appropriate intervals.

The Board regards all Directors as being independent. The Board has adopted a policy whereby all Directors will be proposed for re-election each year and so all other Directors will be proposed for re-election at the forthcoming AGM. Details of Directors' tenure are disclosed on pages 38 and 39.

Internal Controls

The Board has established a continuous process for identifying, evaluating and managing the significant risks the Company faces. The Board regularly reviews the process, which has been in place from the start of the financial year to the date of approval of this report. The Board is responsible for the Company's system of internal control and for reviewing its effectiveness. Such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss.

In compliance with the Principles and Provisions of the AIC Code, the Board regularly reviews the effectiveness of the Company's system of internal control. The Board's monitoring covers all controls, including financial, operational and compliance controls and risk management. It is based principally on reviewing reports from the Investment Manager in order to consider whether all significant risks are identified, evaluated, managed and controlled and whether any significant weaknesses are promptly remedied and indicate a need for more extensive monitoring. To this end, a Risk Framework is maintained, which identifies the significant risks faced by the Company together with the controls intended to manage them and is reviewed at each scheduled Board meeting. The Board has also performed a specific assessment considering all significant aspects of internal control arising during the year covered by this report. The Audit and Risk Committee assists the Board in discharging its review responsibilities.

During the course of its review of the system of internal control, the Board has not identified nor been advised of any failings or weaknesses which it has determined to be significant.

While investment management is provided by Cheyne, the Board is responsible for setting the overall Investment Policy and monitors the actions of the Investment Manager at regular Board meetings. Administration services are provided by Citco. Regular compliance reports from both the Investment Manager and the Administrator are received by the Board. In addition, the Administrator makes available its Global Fund Accounting and Custody Controls Examination, SOC 1 report to the Board on an annual basis.

Custody of assets is undertaken by the Depositary, The Bank of New York Mellon (International) Limited.

The Investment Manager has established an internal control framework and reviews the segregation of duties within this to ensure that control functions are segregated from the trading and investing functions. As a part of this framework, the valuation of financial instruments is overseen by an internal pricing committee which is supported by resources which ensure that it is able to function at an appropriate level of quality and effectiveness.

Specifically, the Investment Manager's pricing committee is responsible for establishing and monitoring compliance with valuation policy. Within the trading and investing functions, the Investment Manager has established policies and procedures that relate to the approval of all new transactions, transaction pricing sources and fair value hierarchy coding within the financial reporting system.

The Directors of the Company clearly define the duties and responsibilities of their agents and advisers, whose appointments are made by the Board after due consideration. The Board monitors the ongoing performance of such agents and advisers. Each agent and adviser maintains its own systems of internal control on which it reports to the Board. The systems are designed to ensure effective and efficient operation, internal control and compliance with laws and regulations. In establishing the systems of internal control, regard is paid to the materiality of relevant risks, the likelihood of costs being incurred and costs of control. It follows, therefore, that the systems of internal control can only provide reasonable but not absolute assurance against the risk of material misstatement or loss.

The Board has reviewed the need for an internal audit function and has decided that the systems and procedures employed by the Administrator and the Investment Manager, including their own internal controls and procedures, provide sufficient assurance that a sound system of risk management and internal control, which safeguards Shareholders' investment and the Company's assets, is maintained. An internal audit function specific to the Company is therefore considered unnecessary.

Corporate Social Responsibility

The Board keeps under review developments involving social and environmental issues and will report on those to the extent they are considered relevant to the Company's operations. The Company's ESG strategy is outlined on page 26 of the Stakeholder Engagement section and in the Sustainability Report on pages 28 to 31.

UK Criminal Finances Act 2017

In respect of the UK Criminal Finances Act 2017 which has introduced a new Corporate Criminal Offence of "failing to take reasonable steps to prevent the facilitation of tax evasion", the Board confirms that it is committed to zero tolerance towards the criminal facilitation of tax evasion.

General Data Protection Regulation ("GDPR")

The Board confirms that the Company has considered GDPR and taken measures itself and with its service providers, to meet the requirements of GDPR and equivalent Guernsey law.

Anti-Bribery and Corruption Policy

The Board has adopted a formal Anti-Bribery and Corruption Policy. The policy applies to the Company and to each of its Directors. Furthermore, the policy is shared with each of the Company's main service providers.

Whistle-blowing

As the Company has no employees of its own, it does not have a whistle-blowing policy but in its review of service providers the Management Engagement Committee ensures that they do.

Employees and Socially Responsible Investment

The Company has a management contract with the Investment Manager. It has no employees and all of its Directors are non-executive, with day-to-day activities being carried out by third parties. There are therefore no disclosures to be made in respect of employees.

The Company's main activities are carried out by the Investment Manager who was one of the initial signatories to the Standards Board for Alternative Investments (formerly known as the Hedge Fund Standards Board) and is a signatory to the United Nations supported Principles for Responsible Investment.

Modern Slavery Act 2015

The Company's Modern Slavery and Human Trafficking Statement is available on the Company's website and is reviewed by the Board on an annual basis.

Gender Metrics

The Company, in conjunction with the Investment Manager, strives to achieve a diverse workforce that embraces individuals of all gender, race, nationality, religion, age and orientation and to develop a unique workplace to come together and grow professionally and personally.

Cheyne is committed to supporting diversity, equality and inclusion through implementing change and supporting initiatives, partnerships and programmes across the firm and the industry, under the oversight of Cheyne's Diversity, Equity and Inclusion ("DE&I") Committee. Cheyne is comprised of a diverse range of employees and is committed to providing equal employment opportunities to all colleagues and applicants without regard to gender, race, nationality, religion,

Corporate Governance Statement (continued)

age, orientation or disability. To this end, Cheyne has implemented reporting tools within its HR system to enable a more granular measurement of gender and ethnicity, using the AIMA/Albourne classifications within their DE&I Questionnaire, that is compliant with data privacy considerations. The ongoing evolution and monitoring of this data will allow the Investment Manager to assess how its DE&I Policy and supporting action plans are working in practice, while enabling the DE&I Committee to identify areas for improvement and target its efforts to effect change. The business case behind the data collection has been communicated to all employees.

	Number of Board members	% of Board members	Number of senior positions on the Board (CEO, CFO, SID, Chair)
Male	2	50.0	
Female	2	50.0	Not applicable – see note ¹
Minority ethnic background	–	–	

¹ This column is inapplicable as the Company is externally managed and does not have executive management functions, specifically it does not have a CEO or CFO. The Chair of the Board is male. However, the Company considers that chairing the permanent sub-committees of the Board are senior roles in an investment company context. The SID, and the Chairs of the Nomination Committee and Management Engagement Committee are women.

The Board acknowledges the importance of diversity for the effective functioning of the Board which helps create an environment for successful and effective decision making. The Board currently has equal representation of men and women. The Company does not currently comply with the ethnic diversity target set out in the Listing Rules. However, the Board continues to keep this under review in the context of planned Board succession opportunities. In view of the nature, scale and complexity of the Company, the Board believes a formal diversity policy for the Company is not necessary at this time. Diversity of the Board is further considered on at least an annual basis through the Board evaluation process.

Principal Risks and Uncertainties

The Board has carried out a robust assessment to identify the emerging and principal risks that could affect the Company, including those that would threaten its business model, future performance, solvency or liquidity. It has adopted a controls-based approach to its risk monitoring requiring each of the relevant service providers, including the Investment Manager, to establish the necessary controls to ensure that all known risks are monitored and controlled in accordance with agreed procedures. The Directors receive periodic updates at their Board meetings on key risks and have adopted their own control review to ensure, where possible, risks are monitored appropriately.

Each Director is aware of the principal risks and uncertainties inherent in the Company's business and understands the importance of identifying, evaluating and monitoring these risks. The Board has established a Risk Framework that enables it to manage these principal risks and uncertainties within acceptable limits and to meet all of its legal and regulatory obligations.

The Board considers the process for identifying, evaluating and managing these principal risks and uncertainties faced by the Company on an ongoing basis and these principal risks and uncertainties are reported and discussed at Board meetings. It ensures that effective controls are in place to mitigate these risks and that a satisfactory compliance regime exists to ensure all applicable local and international laws and regulations are upheld.

The Company's principal risks are discussed in the Strategic Report of these financial statements while those specifically relating to financial reporting are discussed in the Audit and Risk Committee Report and Note 14 to the financial statements.

Changes in Regulation

The Board monitors and responds to changes in regulation as it impacts the Company and its policies.



Hotel in central London, UK

GOVERNANCE

Audit and Risk Committee Report

Dear Shareholders,

On the following pages, we present the Audit and Risk Committee's report for 2026, setting out the responsibilities of the Audit and Risk Committee and its key activities during the year ended 31 March 2026. As in previous years, the Audit and Risk Committee has reviewed the Company's financial reporting, the independence and effectiveness of the external auditor and the internal control and risk management systems of the Company's service providers. In order to assist the Audit and Risk Committee in discharging these responsibilities, regular reports are received and reviewed from the Investment Manager, Administrator and external auditor.

A member of the Audit and Risk Committee will be available at each AGM to respond to any Shareholder questions on the activities of the Audit and Risk Committee.

Membership of the Audit and Risk Committee

The Audit and Risk Committee is chaired by Mr Thompson, and its other members are Mrs Farnon, Mrs McHugh and Mr Tautscher. The FRC Guidance on Audit and Risk Committees recommends that such a committee should comprise solely of independent non-executive directors and as noted in the Corporate Governance Statement, the Board has considered the independence of its members and has concluded that they all remain independent. The Company Chairman currently serves as a member of the Audit and Risk Committee. The terms of reference state that the Audit and Risk Committee will meet not less than three times in the year and meet the external auditor twice a year, on which occasions the need to meet without representatives of either the Investment Manager or the Administrator being present is considered. The terms of reference include all matters indicated in the Disclosure and Transparency Rule 7.1 and the AIC Code.

The Board has taken note of the requirement that at least one member of the Committee should have recent and relevant financial experience and is satisfied that the Committee is properly constituted in that respect with all members being highly experienced and Mr Thompson, Mrs Farnon and Mr Tautscher being chartered accountants who also sit or have sat on other audit committees.

Responsibilities

The Audit and Risk Committee has regard to the AIC Code and examines the effectiveness of the Company's internal control systems, the integrity of the annual and half-yearly reports and financial statements and ensures that they are fair, balanced and understandable and provide the necessary information. It also considers the external auditor's remuneration and engagement, as well as the external auditor's independence and any non-audit services provided by them. Other areas of responsibility include:

- Consideration of the fair value of the Company's investments and income generated from the portfolio;
- Consideration of the accounting policies of the Company;
- Meeting with the external auditor to discuss the proposed audit plan and reporting;
- Assess the effectiveness of the external auditor and audit process;
- Consideration of the need for an internal audit function;
- Review of any independent reports in respect of the Investment Manager, the Administrator or the Depositary;
- Consideration of the risks facing the Company including the Company's anti-bribery, corruption and similar obligations; and
- Monitoring the Company's procedures for ensuring compliance with statutory regulations and other reporting requirements.

In addressing all of the above considerations, the Audit and Risk Committee seeks the appropriate input from the external auditor, Investment Manager, Administrator, Company Secretary and Legal Counsel and makes a recommendation to the Board of the Company as appropriate.

Meetings

The Audit and Risk Committee normally meets at least three times annually, including shortly before the Board meets to consider the Company's half-yearly and annual financial reports, and reports to the Board on its deliberations and recommendations. It also has an annual planning meeting with the external auditor and other ad-hoc meetings as considered necessary.



Hotel in Spain

Audit and Risk Committee Report (continued)

The Audit and Risk Committee operates within clearly defined terms of reference and provides a forum through which the Company's external auditor reports to the Board. The terms of reference of the Audit and Risk Committee are available from the Company's registered office. The Audit and Risk Committee receives information from the Company's service providers with the majority of information being directly sourced from the Company Secretary, Administrator, the Investment Manager and the external auditor. The Audit and Risk Committee considers the nature, scope and results of the external auditor's work and reviews their performance annually prior to providing a recommendation to the Board on the reappointment or removal of the external auditor.

Significant Issues Considered over Financial Reporting

The Audit and Risk Committee has determined that the key risk of misstatement of the Company's financial statements relates to the judgements in respect of the fair value of the Company's investment portfolio.

Additional information regarding principal risks and uncertainties is provided in the Strategic Report and in Note 14 to the financial statements.

The Board considers a report from the Investment Manager at each Board meeting which sets out a review of the portfolio and its performance. The report also details earnings forecasts and asset class analysis. As a result, the Board is able to interrogate the Investment Manager on the basis of the assumptions made and the validity of the expected forecasts.

Valuation of Portfolios

The Audit and Risk Committee conducted a detailed review of each bilateral loan and bond position through discussions with the AIFM's relevant individual asset managers challenging them as appropriate. Such discussions covered aspects such as:

- Operational, default risk and financial performance of the borrower;
- Available and recent professional valuations of the underlying collateral;
- Credit quality of the individual borrower;
- Quality of the underlying collateral;
- Status of development schedules compared to original plans;
- Planning or other disputes;
- Comparison between effective and actual yields; and
- Whether or not any value should be ascribed to contingent fees and potential profit participations provided for in contractual arrangements.

As highlighted in the long-term viability section in the Strategic Report, the Investment Manager performed an evaluation of each of its positions, taking into account all relevant geopolitical and macroeconomic risks, on its operating models and valuations. A detailed cash flow profile of each investment was completed, incorporating the probability of likely delays to repayments, other stress tests (and additional cash needs); these were taken into account in the modelled expected cash flows for 31 March 2026.

When considering the market bond investments, the Audit and Risk Committee considered a number of factors including, but not restricted to:

- Pricing sources;
- Depth of prices and any disparity between different marks;
- Indicative liquidity;
- Comparison of realised prices with previous valuations.

Having conducted this process the Audit and Risk Committee concluded that any assumptions used were reasonable and that the valuations were in accordance with the applicable standards.

During the year, the Chairman of the Audit and Risk Committee and/or other members of the Board attended at least two of the meetings held between the external auditor and the Investment Manager in respect of valuations.

Risk Management

The Company's risk assessment process and the way in which significant business risks are managed is a key area of focus for the Committee. The work of the Audit and Risk Committee is driven primarily by the Company's Risk Framework and the assessment of its principal risks and uncertainties as set out in the Strategic Report and in Note 14 to the financial statements, and it receives reports from the Investment Manager on the Company's risk evaluation process and reviews changes to significant risks identified.

During the year, two members of the Committee visited the Investment Manager to confirm their understanding of the key controls in place at Cheyne in respect of the principal risks identified on the Company's risk register.

Internal Audit

The Committee considers at least once a year whether or not there is a need for an internal audit function. Currently, the Committee believes that, given the Company has no employees, the SOC 1 internal control report provided by the Administrator and the reporting provided by the Investment Manager are sufficient and has made a recommendation to the Board to this effect.

External Audit

PricewaterhouseCoopers CI LLP has been appointed as the Company's external auditor from 1 April 2025.

The objectivity of the external auditor is reviewed by the Committee which also reviews the terms under which the external auditor may be appointed to perform non-audit services. Auditor independence is maintained through limiting non-audit services to audit-related work that falls within defined categories. All engagements with the external auditor are subject to pre-approval from the Audit and Risk Committee and fully disclosed within the Annual Report for the relevant period. A new lead audit partner is appointed every five years and the Audit and Risk Committee ensures the external auditor has appropriate internal mechanisms in place to ensure its independence.

When evaluating the external auditor, the Committee has regard to a variety of criteria including industry experience, independence, reasonableness of audit plan, ability to deliver constructive criticism, effectiveness of communication with the Board and the Company's service providers, quality control procedures, management of audit process, price and added value beyond assurance in audit opinion.

The Committee reviews the scope and results of the audit, its cost effectiveness and the independence and objectivity of the external auditor, with particular regard to the level of non-audit fees. During the year, PricewaterhouseCoopers CI LLP charged non-audit fees of £61,000 for the 30 September 2025 interim review.

Notwithstanding the provisions of such services, the Audit and Risk Committee considers PricewaterhouseCoopers CI LLP to be independent of the Company and that the provision of such non-audit services is not a threat to the objectivity and independence of the conduct of the audit as appropriate safeguards are in place.

To fulfil its responsibility regarding the independence of the auditor, the Audit and Risk Committee considers:

- discussions with or reports from the external auditor describing its arrangements to identify, report and manage any conflicts of interests in light of the requirements of the Crown Dependencies' Audit Rules and Guidance; and
- the extent of non-audit services provided by the external auditor and arrangements for ensuring the independence, objectivity and robustness and perceptiveness of the external auditor and their handling of key accounting and audit judgements.

To assess the effectiveness of the external auditor and the audit process, the Committee reviews:

- the auditor's fulfilment of the agreed audit plan and variations from it;
- discussions or reports highlighting the major issues that arose during the course of the audit;
- feedback from other service providers evaluating the performance of the audit team;
- arrangements for ensuring independence and objectivity; and
- robustness of the external auditor in handling key accounting and audit judgements.

The Audit and Risk Committee was satisfied with the audit process and PricewaterhouseCoopers CI LLP's effectiveness and independence as an auditor having considered the degree of diligence and professional scepticism demonstrated by them.

Annual Report

The Audit and Risk Committee members have each reviewed the Annual Report and earlier drafts in detail, comparing its content with their own knowledge of the Company, reporting requirements and Shareholders' expectations. Formal meetings of the Audit and Risk Committee have also reviewed reports and explanations from its service providers about the details and the financial results. The Audit and Risk Committee has concluded that the Annual Report taken as a whole is fair, balanced and understandable and that the Board can reasonably and with justification make the Directors' Responsibility Statement on page 58.

During the year ended 31 March 2026, the external auditor had three meetings with the Audit and Risk Committee and met with the Chairman of the Audit and Risk Committee on other occasions when necessary.

On behalf of the Audit and Risk Committee.

Mark Thompson
Audit and Risk Committee Chair
24 June 2026

GOVERNANCE

Directors' Responsibility Statement

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

The Companies (Guernsey) Law, 2008 (as amended) requires the Directors to prepare financial statements for each financial year. Under that law, the Directors have elected to prepare the Company financial statements in accordance with IFRS Accounting Standards. Under Companies Law, the Directors must not approve the accounts unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that year. In preparing these financial statements, International Accounting Standard 1 ("IAS 1") requires that Directors:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRS Accounting Standards are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the Company's ability to continue as a going concern.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies (Guernsey) Law, 2008 (as amended). They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. The work carried out by the Auditor does not involve consideration of these matters and, accordingly, the Auditor accepts no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website. Legislation

in Guernsey governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

The Directors confirm that to the best of their knowledge:

- The financial statements, prepared in accordance with IFRS Accounting Standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company;
- The Annual Report includes a fair review of the development and performance of the business and the position of the Company together with a description of the principal risks and uncertainties they face; and
- So far as each Director is aware, there is no relevant audit information of which the Company's auditor is unaware, and each Director has taken all the steps that he/she ought to have taken as a Director in order to make himself/herself aware of any relevant audit information and to establish that the Company's external auditor is aware of that information. This confirmation is given and should be interpreted in accordance with the provisions of section 249 of the Companies (Guernsey) Law, 2008 (as amended).

Responsibility Statement of the Directors in Respect of the Annual Report under the UK Corporate Governance Code

The Directors are responsible for preparing the Annual Report in accordance with applicable law and regulations. Having taken advice from the Audit and Risk Committee, the Directors consider the Annual Report and Accounts, taken as a whole, is fair, balanced and understandable and that it provides the information necessary for Shareholders to assess the Company's position, performance, business model and strategy.

By order of the Board.

Andreas Tautscher
Director
24 June 2026

Mark Thompson
Director



Residential property in London, UK

Annual Report and Accounts 2026

Financial Statements

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Independent Auditor's Report

to the Members of Real Estate Credit Investments Limited

Report on the audit of the financial statements

Our opinion

In our opinion, the financial statements give a true and fair view of the financial position of Real Estate Credit Investments Limited (the "company") as at 31 March 2026, and of its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("IFRS Accounting Standards") and have been properly prepared in accordance with the requirements of The Companies (Guernsey) Law, 2008.

What we have audited

The company's financial statements comprise:

- the statement of financial position as at 31 March 2026;
- the statement of comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, comprising material accounting policy information and other explanatory information.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements of the company, which includes those required by the Crown Dependencies' Audit Rules and Guidance. We have also fulfilled our other ethical responsibilities in accordance with these requirements.

Our audit approach

Overview

Audit scope

- The company is incorporated and based in Guernsey.
- We conducted our audit of the financial statements based upon the financial records maintained by Citco Fund Services (Guernsey) Limited (the "Administrator") to whom the Board of directors (the "Board") has delegated the administration functions of the company. The Board engages Cheyne Capital Management (UK) LLP (the "Investment Manager") to manage the company's investment portfolio. We have interacted with both the Administrator and the Investment Manager during our audit.
- We conducted the majority of our audit work in Guernsey, with some work undertaken by PwC valuation experts in the UK.
- We tailored the scope of our audit taking into account the type of investments made by the company, its accounting processes and controls, the company's management and governance, and the industry in which the company operates.

Key audit matters

- Valuation of financial assets at fair value through profit or loss

Materiality

- Overall materiality: £7.6 million based on 2.5% of net assets.
- Performance materiality: £3.8 million.

The scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we considered where the directors made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

Key audit matters

Key audit matters are those matters that, in the auditor's professional judgement, were of most significance in the audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditor, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

This is not a complete list of all risks identified by our audit.

Key audit matter

Valuation of the bilateral loan and bond portfolio and the equity participation loans at fair value through profit or loss.

The company's investment policy is to invest in a portfolio of real estate backed credit securities that are measured at fair value in accordance with the policies set out in note 2 to the financial statements.

The bilateral loan and bond portfolio and the equity participation loans measured at fair value through profit or loss represent the most significant assets on the statement of financial position with a fair value of £395.1 million as at 31 March 2026.

The fair value of these investments and movement therein are further disclosed in notes 9 and 14, respectively, to the financial statements. Note 9 to the financial statements details the components of the financial assets at fair value through profit or loss, being: the bilateral loan and bond portfolio; and the equity participation loans.

To determine the fair value of the bilateral loans and bonds and equity participation loans, which are not traded in an active market and for which no independent quotes are available the Investment Manager determines the valuation using pricing models incorporating discounted cash flow ("DCF") techniques, referenced where appropriate to comparable arm's length transactions or other securities that are substantially the same, or other valuation techniques commonly used by market participants.

The Investment Manager's pricing committee is responsible for establishing and monitoring compliance with the valuation policy. Third-party professional valuations of the underlying property collateral are obtained on origination and periodically thereafter to assess loan-to-value covenants and to support the fair value of the underlying real estate loans.

Investment valuations are subject to estimates and assumptions underlying each security, as detailed in Notes 3 and 14(d) to the financial statements, including the risk-adjusted discount rates and sector-based yields used as significant unobservable inputs.

Owing to the significance of the carrying value of investments to the financial statements (representing the majority of the company's net assets and being the key driver of net asset value and interest income), the level of subjectivity that can be applied in measuring their fair value, and the risk that manipulation or error could be material, we have designated the valuation of investments as a key audit matter.

How our audit addressed the key audit matter

To respond to the key audit matter, we performed the following audit procedures:

- We obtained an understanding of the internal control environments at both the Administrator and the Investment Manager and evaluated the Administrator's controls over the valuation of investments.
- For the bilateral loan and bond portfolio and equity participation loans we obtained the DCF models prepared by the Investment Manager and we:
 - Independently recalculated the DCF models used by the Investment Manager, agreeing these to the financial statements;
 - Tested a sample of future contractual cash flows used in the DCF models, agreeing them to the underlying legal documentation (loan agreements, facility agreements and related security documentation);
 - Engaged our own auditor's valuation expert to review the appropriateness of the DCF methodology applied by the Investment Manager and to provide an independently derived range of discount rates against which to perform sensitivity analysis over the fixed-rate positions in the portfolio; and
 - Performed back-testing on a sample of cash flows projected in the prior period, comparing those projected cash flows to the amounts actually received during the year, in order to assess the historical accuracy of the Investment Manager's cash flow forecasting;
- We assessed the financial statements related disclosures to evaluate whether they appropriately explain the judgements made by management, including the associated assumptions, and highlight the sensitivity of the valuations to changes in those assumptions.

Based on the work performed, we did not identify any material matters to report to those charged with governance.

Independent Auditor's Report (continued)

How we tailored the audit scope

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the financial statements as a whole, taking into account the structure of the company, the accounting processes and controls, the industry in which the company operates, and we considered the risk of climate change and the potential impact thereof on our audit approach.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

Overall materiality	£7.6 million.
How we determined it	2.5% of net assets
Rationale for benchmark applied	We believe that net assets to be the most appropriate basis for determining materiality as this is the key metric of interest to the users of the financial statements and is also a generally accepted measure for companies in this industry.

We use performance materiality to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds overall materiality. Specifically, we use performance materiality in determining the scope of our audit and the nature and extent of our testing of account balances, classes of transactions and disclosures, for example in determining sample sizes. Our performance materiality was 50% of overall materiality, amounting to £3.8m for the company financial statements.

In determining the performance materiality, we considered a number of factors – risk assessment and aggregation risk and the effectiveness of controls – and concluded that an amount at the lower end of our normal range was appropriate.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above £0.38 million as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

Reporting on other information

The other information comprises all the information included in the Annual Report and Accounts (the "Annual Report") but does not include the financial statements and our auditor's report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

Materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Directors' Responsibility Statement, the directors are responsible for the preparation of the financial statements that give a true and fair view in accordance with IFRS Accounting Standards, the requirements of Guernsey law and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Our audit testing might include testing complete populations of certain transactions and balances, possibly using data auditing techniques. However, it typically involves selecting a limited number of items for testing, rather than testing complete populations. We will often seek to target particular items for testing based on their size or risk characteristics. In other cases, we will use audit sampling to enable us to draw a conclusion about the population from which the sample is selected.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern over a period of at least twelve months from the date of approval of the financial statements. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Use of this report

This report, including the opinions, has been prepared for and only for the members as a body in accordance with Section 262 of The Companies (Guernsey) Law, 2008 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Independent Auditor's Report (continued)

Report on other legal and regulatory requirements

Company Law exception reporting

Under The Companies (Guernsey) Law, 2008 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit;
- proper accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records.

We have no exceptions to report arising from this responsibility.

Corporate governance statement

The UK Listing Rules require us to review the directors' statements in relation to going concern, longer-term viability and that part of the corporate governance statement relating to the company's compliance with the provisions of the UK Corporate Governance Code specified for our review. Our additional responsibilities with respect to the corporate governance statement as other information are described in the Reporting on other information section of this report.

The company has reported compliance against the AIC Corporate Governance Code (the "Code") which has been endorsed by the UK Financial Reporting Council as being consistent with the UK Corporate Governance Code for the purposes of meeting the company's obligations, as an investment company, under the UK Listing Rules of the FCA.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the corporate governance statement, included within the Strategic Report and the Directors' Report is materially consistent with the financial statements and our knowledge obtained during the audit, and we have nothing material to add or draw attention to in relation to:

- The directors' confirmation that they have carried out a robust assessment of the emerging and principal risks;
- The disclosures in the Annual Report that describe those principal risks, what procedures are in place to identify emerging risks and an explanation of how these are being managed or mitigated;
- The directors' statement in the financial statements about whether they considered it appropriate to adopt the going concern basis of accounting in preparing them, and their identification of any material uncertainties to the company's ability to continue to do so over a period of at least twelve months from the date of approval of the financial statements;

- The directors' explanation as to their assessment of the company's prospects, the period this assessment covers and why the period is appropriate; and
- The directors' statement as to whether they have a reasonable expectation that the company will be able to continue in operation and meet its liabilities as they fall due over the period of its assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

Our review of the directors' statement regarding the longer-term viability of the company was substantially less in scope than an audit and only consisted of making inquiries and considering the directors' process supporting their statements; checking that the statements are in alignment with the relevant provisions of the Code; and considering whether the statement is consistent with the financial statements and our knowledge and understanding of the company and its environment obtained in the course of the audit.

In addition, based on the work undertaken as part of our audit, we have concluded that each of the following elements of the corporate governance statement is materially consistent with the financial statements and our knowledge obtained during the audit:

- The directors' statement that they consider the Annual Report, taken as a whole, is fair, balanced and understandable, and provides the information necessary for the members to assess the company's position, performance, business model and strategy;
- The section of the Annual Report that describes the review of effectiveness of risk management and internal control systems; and
- The section of the Annual Report describing the work of the Audit Committee.

We have nothing to report in respect of our responsibility to report when the directors' statement relating to the company's compliance with the Code does not properly disclose a departure from a relevant provision of the Code specified under the UK Listing Rules for review by the auditors.

Adrian Peacegood
 For and on behalf of PricewaterhouseCoopers CI LLP
 Chartered Accountants and Recognised Auditor
 Guernsey, Channel Islands
 24 June 2026

Statement of Comprehensive Income

For the Year Ended 31 March 2026

	Note	31 Mar 2026 GBP'000	31 Mar 2025 GBP'000
Interest income	6	33,286	29,520
Net (losses)/gains on financial assets and liabilities at fair value through profit or loss	4	(7,170)	3,630
Net (losses)/gains on foreign currency translation		(669)	1,011
Other income		–	37
Operating income		25,447	34,198
Operating expenses	5	(4,002)	(6,599)
Profit before finance costs		21,445	27,599
Finance costs	6	(6,256)	(4,782)
Net profit		15,189	22,817
Earnings per share			
Basic and diluted	8	6.9p	10.2p
Weighted average shares outstanding			
Basic and diluted	8	221,662,497	222,881,212

All items in the above statement are derived from continuing operations. There were no items of other comprehensive income in either the current year or prior year.

The accompanying notes form an integral part of the financial statements.

Statement of Financial Position

As at 31 March 2026

	Note(s)	31 Mar 2026 GBP'000	31 Mar 2025 GBP'000
Non-current assets			
Financial assets at fair value through profit or loss	9,14	325,590	369,478
		325,590	369,478
Current assets			
Financial assets at fair value through profit or loss	9,14	78,885	–
Cash and cash equivalents	9	18,513	19,295
Cash collateral held at broker	9,15	2,250	2,866
Interest receivable	9	117	–
Other assets	9	9	72
		99,774	22,233
Total assets		425,364	391,711
Equity and liabilities			
Equity			
Reserves	13	305,888	318,356
Total equity		305,888	318,356
Non-current liabilities			
Financing agreements	9,12	47,719	–
		47,719	–
Current liabilities			
Financing agreements	9,12	70,717	70,850
Derivative financial liabilities	9	348	213
Other liabilities	9,10	692	2,292
		71,757	73,355
Total liabilities		119,476	73,355
Total equity and liabilities		425,364	391,711
Shares outstanding (excluding treasury shares)	13	221,044,004	221,894,004
Net asset value per share		£1.38	£1.43

The accompanying notes form an integral part of the financial statements.

The financial statements were authorised for issue on 24 June 2026 by the Board of Directors as signed by:

Andreas Tautscher
Director
24 June 2026

Mark Thompson
Director

Statement of Changes in Equity

For the Year Ended 31 March 2026

	Note	Total equity GBP'000
Balance as at 31 March 2025		318,356
Total comprehensive income		15,189
Dividends	7	(26,591)
Treasury shares purchased	13	(1,066)
Balance as at 31 March 2026		305,888

	Note	Total equity GBP'000
Balance as at 31 March 2024		326,382
Total comprehensive income		22,817
Dividends	7	(26,673)
Treasury shares purchased	13	(4,170)
Balance as at 31 March 2025		318,356

The accompanying notes form an integral part of the financial statements.

Statement of Cash Flows

For the Year Ended 31 March 2026

	Note	31 Mar 2026 GBP'000	31 Mar 2025 GBP'000
Net profit		15,189	22,817
Purchases of investment portfolio		(167,119)	(127,280)
Repayments/sales proceeds on investment portfolio		147,863	100,588
Net losses on investment portfolio	4	4,357	1,025
Net movement on derivative financial assets and liabilities		135	125
Foreign currency losses/(gains) under financing agreements	12	1,188	(257)
Interest income	6	(33,286)	(29,520)
Finance costs	6,12	6,256	4,782
Operating cash flows before movement in working capital		(25,417)	(27,720)
Decrease in cash collateral at broker		616	1,623
Decrease in other assets		63	32
Decrease in cash collateral due to broker		–	(14)
(Decrease)/increase in other liabilities		(1,600)	314
Movement in working capital		(921)	1,955
Interest received		13,071	15,078
Net cash outflow from operating activities		(13,267)	(10,687)
Financing activities			
Dividends paid to Shareholders	7	(26,591)	(26,673)
Payments under financing agreements	12	(175,832)	(192,749)
Proceeds under financing agreements	12	222,329	239,269
Finance costs paid	12	(6,355)	(3,985)
Payments on treasury shares purchased	13	(1,066)	(4,170)
Net cash inflow from financing activities		12,485	11,692
Net (decrease)/increase in cash and cash equivalents		(782)	1,005
Cash and cash equivalents at the start of the year		19,295	18,290
Cash and cash equivalents at the end of the year		18,513	19,295

The accompanying notes form an integral part of the financial statements.

Notes to the Financial Statements

For the Year Ended 31 March 2026

1. General Information

Real Estate Credit Investments Limited ("RECI" or the "Company") was incorporated in Guernsey on 6 September 2005 with registered number CMP43634. The Company commenced its operations on 8 December 2005.

The Company's shares are currently listed and traded on the Main Market of the London Stock Exchange.

2. Material Accounting Policies

Statement of Compliance

The financial statements of the Company have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("IFRS Accounting Standards"), and the Disclosure Guidance and Transparency Rules Sourcebook of the United Kingdom's FCA, the Listing Rules of the LSE and applicable legal and regulatory requirements. The same accounting policies, presentation, and methods of computation have been followed in these financial statements as were applied in the preparation of the Company's audited financial statements for the year ended 31 March 2025.

New Standards, Amendments and Interpretations Issued and Effective for the Financial Year Beginning 1 April 2025

The Company has applied the following standards and amendments for the first time for its reporting year commencing 1 April 2025:

- Amendments to IAS 21 – *Lack of Exchangeability*

The amendments listed above have no material impact on the financial statements of the Company.

New Standards, Amendments and Interpretations Issued but not Effective for the Financial Year Beginning 1 April 2025 and not Early Adopted

The following standards will become effective in future accounting periods and have not been early adopted by the Company. Management is still assessing the potential impact of these standards on the Company's financial statements:

- Amendments to the Classification and Measurement of Financial Instruments – *Amendments to IFRS 9 and IFRS 7* (1 January 2026)
- IFRS 19 Subsidiaries without Public Accountability: Disclosures (1 January 2027)
- IFRS 18 Presentation and Disclosure in Financial Statements (1 January 2027)

Basis of Preparation

The financial statements of the Company are prepared under IFRS Accounting Standards on the historical cost or amortised cost basis except for financial assets and liabilities classified at fair value through profit or loss which have been measured at fair value.

The financial assets at fair value through profit or loss include the related interest receivable to reflect the measurement of the Company's investments as a single unit of account, which includes all cash flows associated with the asset.

The functional and presentation currency of the Company is British Pounds ("GBP" or "£"), which the Board considers best represents the economic environment in which the Company operates.

Going Concern

The Directors believe it is appropriate to adopt the going concern basis in preparing the financial statements as, after due consideration, they consider that the Company has adequate resources to continue in operational existence for a period of at least 12 months from the date of signing the audited financial statements. In making this assessment, the Directors have taken account of the matters set out below.

The Investment Manager performs a granular analysis of the Company's future liquidity profile based on detailed cash flow modelling of each investment, incorporating the probability of delays in repayments. On a quarterly basis the Board reviews projected cash flows arising from the loan and bond portfolio over the lifetime of the underlying investments including interest income, realisation proceeds, short-term finance obligations and dividend cover.

The Board reviews stress testing performed by the Investment Manager on projected cash flows under a number of adverse scenarios, including delays in repayments from loans on the watch list, reduced cash flows from the investment portfolio, the inability to refinance repurchase agreements secured against market bonds and a combination of these events. These scenarios are designed to assess the impact of adverse developments affecting the underlying assets, borrower credit quality and the timing and amount of cash recoveries from the loan portfolio. In the scenario where repurchase facilities cannot be refinanced, it is assumed that the underlying market bonds are sold in an orderly manner to repay the associated borrowings, thereby removing the refinancing risk associated with those facilities.

Taking account of the updated forecasting, the Directors consider that the cash and cash equivalents as at 31 March 2026 of £18.5 million, the liquidity of the market bond portfolio and the financing available through activities such as repurchase agreements and off-balance sheet financing as disclosed in Note 12 are sufficient to cover normal operational costs, the funding of borrower loan commitments and current

Notes to the Financial Statements (continued)

liabilities as they fall due for a period of at least 12 months from the date of signing the audited financial statements. The Directors note that a key assumption adopted in the going concern analysis is that leverage through repurchase agreements for bilateral loans and bonds is not withdrawn. Net debt (leverage minus cash) as at 31 March 2026 was 32.9%.

Notwithstanding the Directors' belief that this assumption remains justifiable, the Directors have also determined a number of mitigations to address a scenario where all outstanding repurchase agreements are required to be settled as they fall due. Whilst there would be a number of competing strategic factors to consider before implementation of such options, the Directors believe that these are credible and can generate sufficient liquidity to enable the Company to meet its obligations as they fall due. Such strategies include cessation or delay of any future dividends, obtaining longer-term and non-recourse financing, and further sales of assets within the bond portfolio.

As disclosed in Note 17, as at 31 March 2026, the Company had committed £492.8 million into the loan and bond portfolio of which £435.7 million had been funded. The Investment Manager models these expected commitments and only commits further funds if the borrowers meet specific business plan milestones.

Financial Assets at Fair Value Through Profit or Loss

The Company classifies its investments based on both the Company's business model for managing those financial assets and the contractual cash flow characteristics of the financial assets. The portfolio of financial assets is managed, and performance is evaluated on a fair value basis. The Company is primarily focused on fair value information and uses that information to assess the assets' performance and to make decisions. The Company has not taken the option to irrevocably designate any equity participation loans at fair value through other comprehensive income. The contractual cash flows of the Company's debt securities are not solely principal and interest. The collection of contractual cash flows is only incidental to achieving the Company's business model's objective. Consequently, all investments are measured at fair value through profit or loss. The gain or loss on reassessment of fair value is recognised immediately in the Statement of Comprehensive Income.

The interest receivable from loans and bonds are reported as part of financial assets at fair value through profit or loss. The related interest income is included under interest income in the Statement of Comprehensive Income.

Financial Liabilities at Fair Value Through Profit or Loss

Financing agreements entered into for the purpose of efficient portfolio management are designated and measured at fair value through profit or loss. The gain or loss on reassessment of fair value is required to be split into the amount of change in fair value attributable to changes in credit risk of the company for each of its relevant liability, presented in other comprehensive income, and the remaining amount presented in profit or loss. The Company's gain or loss on reassessment of fair value is recognised immediately in the Statement of Comprehensive Income.

Financial Assets at Amortised Cost

A financial asset is measured at amortised cost if it is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. This includes cash and cash equivalents, cash collateral held at broker and other assets.

Financial Liabilities at Amortised Cost

Financial liabilities at amortised cost include all other liabilities not measured at fair value through profit or loss. This includes cash collateral due to broker and other liabilities.

Initial Measurement

Financial assets and liabilities at fair value through profit or loss are measured initially at fair value, with transaction costs for such financial assets and liabilities being recognised directly in profit or loss within the Statement of Comprehensive Income.

Financial assets and liabilities are measured initially at their fair value plus/minus any directly attributable incremental costs of acquisitions or issue.

Purchases and sales of financial assets and liabilities at fair value through profit or loss are accounted for at trade date.

Subsequent Measurement

Following initial recognition, financial assets and financial liabilities classified as fair value through profit or loss are measured at fair value.

Following initial recognition, financial assets classified as measured at amortised cost are subsequently measured at amortised cost using the effective interest method, less any expected credit losses. Financial liabilities classified as measured at amortised cost are subsequently measured at amortised cost using the effective interest method.

Derecognition

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire or it transfers the financial asset, and the transfer qualifies for derecognition in accordance with IFRS 9.

The Company derecognises a financial liability when the obligation specified in the contract is discharged, cancelled or has expired.

Realised gain/(loss) on disposals of financial assets and liabilities is calculated using the first-in, first-out ("FIFO") method.

Investment Entity for Unconsolidated Structures/Entities

The Directors have determined that the Company meets the definition of an investment entity as set out in IFRS 10 Consolidated Financial Statements, on the basis that the Company:

- a) Obtains funds from one or more investors for the purpose of providing those investors with investment management services in respect of real estate credit investments;
- b) Has committed to its investors that its business purpose is to invest funds solely with a view to generating returns through capital appreciation, investment income (principally interest income from its loan and bond portfolio), or both; and
- c) Measures and evaluates the performance of substantially all of its investments including its bilateral loans, bonds and interests in structured entities – on a fair value basis.

In accordance with the investment entity exception under IFRS 10, the Company does not consolidate the entities in which it invests. Instead, the Company recognises its interests in such entities (including the unconsolidated structured entities disclosed in Note 11, such as RELF and the Cheyne French Funding Sub-Funds) as investments measured at fair value through profit or loss in accordance with IFRS 9.

Cash and Cash Equivalents

Cash and cash equivalents includes amounts held in interest bearing accounts with original maturities of less than three months and are used for cash management purposes.

Derivative Financial Instruments

Derivative financial instruments used by the Company to manage its exposure to foreign exchange arising from operational, financing and investment activities are accounted for as financial assets or liabilities at fair value through profit or loss.

Subsequent to initial recognition, derivative financial instruments are stated at fair value. The change in value is recorded in net gains/(losses) on financial assets and liabilities through profit or loss in the Statement of Comprehensive Income. Derivative financial assets and derivative financial liabilities are offset and the net amount reported in the Statement of Financial Position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

Fair Value

All financial assets carried at fair value are initially recognised at fair value which is equivalent to cost and subsequently re-measured at fair value. If independent prices are unavailable, the fair value of the financial asset is estimated by reference to market information which includes, but is not limited to, broker marks, prices of comparable assets and using pricing models incorporating discounted cash flow techniques and valuation techniques such as modelling.

These pricing models apply assumptions regarding asset specific factors and economic conditions generally, including delinquency rates, severity rates, prepayment rates, default rates, maturity profiles, interest rates and other factors that may be relevant to each financial asset.

The objective of a fair value measurement is to determine the price at which an orderly transaction would take place between market participants on the measurement date, rather than the price arrived at in a forced liquidation or distressed sale. Where the Company has considered all available information and there is evidence that the transaction was forced, it will not use such a transaction price as being determinative of fair value.

Note 3 provides specific information regarding the determination of fair value for the Company's bonds and loans.

Foreign Currency Transactions

Transactions in foreign currencies are translated at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the Statement of Financial Position date are translated to GBP at the foreign exchange rate ruling at that date.

Foreign exchange differences arising on translation are recognised in net gains/(losses) on foreign currency translation in the Statement of Comprehensive Income. Foreign currency denominated non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of transaction.

Notes to the Financial Statements (continued)

Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated to GBP at foreign exchange rates ruling at the reporting date. Differences arising on translation of these non-monetary assets and liabilities between valuation points are recognised in the Statement of Comprehensive Income.

Interest Income

Interest income from financial assets at fair value through profit or loss are recognised within interest income in the Statement of Comprehensive Income using the effective interest method.

Dividends

Dividend distributions due to the Company's Shareholders are recognised as liabilities in the Company's financial statements and disclosed in the Statement of Changes in Equity in the period in which the dividends are approved by the Board.

Expenses

All expenses are included in the Statement of Comprehensive Income on an accrual basis.

Taxation

The Company is a tax-exempt Guernsey limited company and accordingly, no provision for tax is made.

Equity Instruments

The only equity instruments are the Company's Ordinary Shares.

Treasury Shares

Shares that are reacquired (Treasury Shares) are recognised at cost and deducted from equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue, or cancellation of the Company's shares. Treasury Shares are not entitled to dividends, and, thus, they are also not included in the calculation of earnings per share.

Off-Balance Sheet Financing Arrangements

The Company maintained off-balance sheet financing agreements. These facilities are structured using off-balance sheet entities and are secured against specific loans. This financing does not encumber other Company assets, except for a limited recourse loss guarantee (between 25% and 55% subject to the finance provider and the granularity of the collateral) of the borrowed amounts.

3. Critical Accounting Judgements and Key Sources of Estimation Uncertainty

In the process of applying the Company's accounting policies (described in Note 2), the Company has determined that the following judgements and estimates have the most significant effect on the amounts recognised in the financial statements:

Critical Accounting Judgements

Classification of Bilateral Loan and Bond and Equity Participation Loans as Financial Assets at Fair Value Through Profit or Loss

As described on pages 72 to 73, classification and measurement of financial assets under IFRS 9 are driven by the entity's business model for managing financial assets and the contractual cash flow characteristics of those financial assets.

In making the judgement regarding ENIV S.à r.l. and Real Estate Loan Funding ("REL F"), the Directors have considered the power the Company has to influence the investment decisions of the Special Purpose Vehicle ("SPV") housing the underlying loans and where the Company holds the majority interest it has been determined that the contractual cash flow characteristics for a basic lending arrangement would not be met. However, IFRS 9 also requires an assessment of the business model within which assets are held. In the case of the Company's loan investments the Directors have determined that they monitor and evaluate business performance, manage risk and compensate the Investment Manager based on fair value measures. The business model is therefore not solely for holding and collecting contractual cash flows to maturity and requires all loan investments to be measured at fair value through profit or loss.

The Company's bond investments are classified and measured at fair value through profit or loss in accordance with the above fact pattern.

Were it to be determined that the business model for managing financial assets and the contractual cash flow characteristics of those financial assets were not as described above, these assets would be classified and measured at amortised cost with provisions made for expected credit losses and changes to expected credit losses at each reporting date.

As further described on page 72, the contractual cash flow characteristics for loan investments are not solely payments of principal and interest. For the loans held via ENIV S.à r.l. and REL F, the Company receives the return for each underlying loan net of expenses and so it is not considered to be a basic lending arrangement under the standard. As such, these loan investments are required to be measured at fair value through profit or loss. The loans held via ENIV S.à r.l. are listed and considered bonds.

Key Sources of Estimation Uncertainty

Valuation of Bilateral Loan and Bond and Equity Participation Loans at Fair Value Through Profit or Loss

The Company has invested in loans and bonds which are not traded in an active market and there are no independent quotes available for these loans. The fair values of these investments are determined using valuation techniques such as discounted cash flows models. The rate used to discount future cash flows represents key source of estimation uncertainty that has material impact on the valuation of the investment portfolio.

In the absence of market observable inputs, this uncertainty translates into a wide range of appropriate discount rates. The Investment Manager believes that the loan or bond's own effective yield represents the most appropriate point estimate within that range.

The Investment Manager has considered relevant geopolitical and macroeconomic factors including the development of market interest rate and continues to believe that this key judgement remains appropriate due to the bespoke nature of the investment portfolio and the dislocation between the yield of these assets and the market interest rate. The fair value of these loans is linked directly to the value of the real estate loans in the underlying structure the Company invests in, which are determined based on modelled expected cash flows (drawdown principal and interest repayments, and maturity dates) with effective yields ranging from 7.7% to 14.0% (31 March 2025: 7.1% to 11.7%).

Adjustments in the fair value of the real estate loans are considered in light of changes in the credit quality of the borrower and underlying property collateral. On origination of the loan, the Investment Manager performs due diligence on the borrower and related security/property. This includes obtaining a valuation of the underlying property (to assess LTV of the investment). In most instances, the terms of the loan require periodic revaluation of the underlying property to check against LTV covenants.

The valuation policy for contingent fees and potential profit participations provided for in contractual arrangements is to mark them at fair value. The profit participation features will initially be valued at cost, with subsequent revaluations triggered by specific threshold or development events.

To determine the exit value, a third-party valuation of the underlying assets will be typically used, or an accepted sale price if available.

The Company has been closely monitoring this and indeed all other material macro sources of uncertainty-related developments, such as increased interest rates, heightened inflation, supply chain disruption, and the effects of climate change, and less direct impact factors such as the continuing impact of conflicts around the world and cyber security, to ensure that these updated assumptions and any potential impact have been reflected in the valuation of financial assets at fair value through profit or loss as at 31 March 2026. Future valuation might change significantly in the future.

Further details relating to the Company's valuation of bilateral loans and bonds and sensitivity analysis is disclosed in Notes 14(a) and 14(d).

Notes to the Financial Statements (continued)

4. Net (Losses)/Gains on Financial Assets and Liabilities at Fair Value through Profit or Loss

	31 Mar 2026 GBP'000	31 Mar 2025 GBP'000
Net gains/(losses)		
Net gains on market bond portfolio	532	1,026
Net losses on bilateral loan and bond portfolio	(2,722)	(5,511)
Net (losses)/gains on equity participation loans	(2,167)	3,460
Net (losses)/gains on forward foreign exchange contracts	(2,813)	4,655
Net (losses)/gains on financial assets and liabilities at fair value through profit or loss	(7,170)	3,630

5. Operating Expenses

	Note	31 Mar 2026 GBP'000	31 Mar 2025 GBP'000
Investment management, administration and depositary fees			
Investment management fees	16	3,956	4,096
Administration fees	16	275	286
Depositary fees	16	57	42
		4,288	4,424
Other operating expenses			
Directors' fees	16	253	260
Audit fees		175	167
Fees to auditor for non-audit services		61	45
Deal and underwriting expenses		46	743
Legal fees		–	195
Other operating expenses		(821)	765
		(286)	2,175
Total operating expenses		4,002	6,599

6. Interest Income and Finance Costs

The following table details interest income and finance costs from financial assets and liabilities for the year:

	31 Mar 2026 GBP'000	31 Mar 2025 GBP'000
Interest income on financial assets at fair value through profit or loss		
Real Estate Credit Investments – market bond portfolio	710	754
Real Estate Credit Investments – bilateral loan and bond portfolio	31,901	28,050
	32,611	28,804
Interest income on financial assets at amortised cost		
Cash and cash equivalents and cash collateral held at broker	675	716
Total interest income	33,286	29,520
Finance costs		
Cost of financing agreements	(6,256)	(4,782)
Total finance costs	(6,256)	(4,782)

7. Dividends

	31 Mar 2026 GBP'000	31 Mar 2025 GBP'000
Share dividends		
Fourth dividend for the year ended 31 March 2025/31 March 2024	6,651	6,702
First dividend for the year ended 31 March 2026/31 March 2025	6,651	6,657
Second dividend for the year ended 31 March 2026/31 March 2025	6,651	6,657
Third dividend for the year ended 31 March 2026/31 March 2025	6,638	6,657
Dividends paid to Shareholders	26,591	26,673

The total dividends paid during the financial year ended 31 March 2026 amounted to 12.0 pence per share (31 March 2025: 12.0 pence per share).

Under Guernsey Law, companies can pay dividends provided they satisfy the solvency test prescribed under the Companies (Guernsey) Law, 2008 (as amended), which considers whether a company is able to pay its debts when they become due and whether the value of a company's assets is greater than its liabilities.

The Directors considered that the Company satisfied the solvency test for all dividends approved.

8. Earnings per share

The calculation of the basic and diluted earnings per share is based on the following data:

	31 Mar 2026	31 Mar 2025
Net profit attributable to shares (GBP'000)	15,189	22,817
Weighted average number of shares for the purposes of basic and diluted earnings per share ¹	221,662,497	222,881,212
Earnings per share		
Basic and diluted (pence)	6.9	10.2

¹ The weighted average number of shares takes into account the weighted average effect of changes in treasury shares during the year.

Notes to the Financial Statements (continued)

9. Categories of Financial Instruments

The following table details the categories of financial assets and liabilities held by the Company at the year end date.

	31 Mar 2026 GBP'000	31 Mar 2025 GBP'000
Assets		
Financial assets at fair value through profit or loss:		
Real Estate Credit Investments – market bond portfolio	9,371	6,812
Real Estate Credit Investments – bilateral loan and bond portfolio	379,061	344,857
Real Estate Credit Investments – equity participation loans	16,043	17,809
Financial assets at fair value through profit or loss	404,475	369,478
Financial assets at amortised cost:		
Cash and cash equivalents	18,513	19,295
Cash collateral held at broker	2,250	2,866
Interest receivable	117	–
Other assets	9	72
Total assets	425,364	391,711
Liabilities		
Financial liabilities at fair value through profit or loss:		
Financing agreements	118,436	70,850
Derivative financial liabilities:		
Forward foreign exchange contracts	348	213
Financial liabilities at amortised cost:		
Other liabilities	692	2,292
Total liabilities	119,476	73,355

The value of the market bond portfolio was £9.3 million as at 31 March 2026, excluding accrued interest of £0.08 million (31 March 2025: £6.7 million, excluding accrued interest of £0.1 million); and the value of the bilateral loan and bond portfolios were £366.6 million as at 31 March 2026, excluding accrued interest of £12.5 million (31 March 2025: £334.0 million, excluding accrued interest of £10.9 million).

See Note 14 for a summary of the movement in fair value in the Company's investments for the year.

10. Other Liabilities

	Note	31 Mar 2026 GBP'000	31 Mar 2025 GBP'000
Investment management fees payable	16	325	338
Directors' fees payable	16	63	61
Deal and underwriting expenses payable		60	177
Administration fees payable	16	58	40
Depositary fees payable	16	6	20
Other operating payables		180	1,656
Total other liabilities		692	2,292

11. Structured Entities Not Consolidated

The Company has concluded that the unlisted entities in which it invests, but does not consolidate, meet the definition of structured entities. The Company recognises its interests in structured entities as investments at fair value through profit or loss in accordance with IFRS 10 Consolidated Financial Statements and therefore there is no requirement to consolidate in full. However, in line with IFRS 12 Disclosure of Interest in Other Entities, the details of the interests in the unconsolidated structured entities are presented in the following tables. The maximum exposure to loss is the carrying amount of the financial assets held which is equal to the fair value of loans and units in funds plus the limited recourse loss guarantee of the borrowed amounts on the underlying loan.

31 March 2026

Name	Fair value of loans ¹ GBP'000	Undrawn commitment GBP'000	Carrying value GBP'000	Nature and purpose of the entity	Location
RELF ²					
Fulton Road	13,796	489	9,461	To invest in Fulton Road real estate	United Kingdom
Cheyne French Funding Sub-Fund 3	8,183	4,455	8,183	To invest in Cheyne French Funding Sub-Fund 3 real estate	France
Cheyne French Funding Sub-Fund 8	14,477	5,301	14,477	To invest in Cheyne French Funding Sub-Fund 8 real estate	France

¹ This amount excludes interest receivables.

² The total loan exposure on the RELF will not equal the carrying value disclosed above due to financing within the RELF structure.

31 March 2025

Name	Fair value of loans ¹ GBP'000	Undrawn commitment GBP'000	Carrying value GBP'000	Nature and purpose of the entity	Location
RELF ²					
Fulton Road	30,036	2,689	15,754	To invest in Fulton Road real estate	United Kingdom
Kensington ³	15,682	236	7,947	To invest in Kensington real estate	United Kingdom
Sabina ³	19,688	8,142	9,935	To invest in Sabina real estate	Luxembourg
Cheyne French Funding Sub-Fund 3	8,881	512	8,881	To invest in Cheyne French Funding Sub-Fund 3 real estate	France
Cheyne French Funding Sub-Fund 8	19,781	–	19,781	To invest in Cheyne French Funding Sub-Fund 8 real estate	France

¹ This amount excludes interest receivables.

² The total loan exposure on the RELF will not equal the carrying value disclosed above due to financing within the RELF structure.

³ The Company ended its interest in these entities during the year ended 31 March 2026. As at 31 March 2026, the Company no longer holds any involvement in these structured entities.

12. Financing Agreements

The Company engages in repurchase agreements ("repos") with bank lenders to manage its portfolio efficiently. Securities financed through these repos are valued at fair market value, with financing costs and advance rates varying according to the lender's discretion. Under the terms of a repo agreement, the lender takes custody of the purchased securities and values them daily to safeguard against the Company's failure to repurchase. If the market value of the underlying securities falls below the face value of the repos plus accrued interest, the Company will provide additional collateral. In case of a default on the repurchase obligation, the lender has the right to liquidate the collateral to satisfy the debt. If the counterparty defaults or declares bankruptcy, the realisation or retention of the collateral or proceeds may be subject to legal proceedings.

The Company enters into repos with several banks. This financing is collateralised against the Company's market bond and bilateral bond portfolio with a fair value totalling £182.2 million (31 March 2025: £100.2 million) and has a weighted average cost of 5.80% (31 March 2025: 7.50%) per annum. The contractual maturity period for repos is six months (where possible) for market bond positions. For bilateral bonds, the repo maturity is either the underlying loan's maturity or the maturity of the Company's committed repo facility, which is typically extended on an annual basis.

The movement in financing agreements amounting to £47.6 million (31 March 2025: £46.3 million) and finance costs paid amounting to £6.4 million (31 March 2025: £4.0 million) are shown as financing activities in the Statement of Cash Flows.

Notes to the Financial Statements (continued)

The following table summarises movements under financing agreements for the years ended 31 March 2026 and 31 March 2025.

	31 Mar 2026 GBP'000	31 Mar 2025 GBP'000
Balance as at 1 April	70,850	23,790
Payments under financing agreements	(175,832)	(192,749)
Proceeds under financing agreements	222,329	239,269
Foreign currency losses/(gains)	1,188	(257)
Finance costs	6,256	4,782
Finance costs paid	(6,355)	(3,985)
	118,436	70,850

During the financial year ended 31 March 2026, the Company maintained off-balance sheet financing agreements. These facilities are structured using off-balance sheet entities and are secured against specific loans. This financing does not encumber other Company assets, except for a limited recourse loss guarantee (between 25% and 55% subject to the finance provider and the granularity of the collateral) of the borrowed amounts. As at 31 March 2026, the total off-balance sheet loans amounted to £5.5 million (31 March 2025: £31.2 million). The maximum exposure under the limited recourse guarantees was £2.9 million (31 March 2025: £9.3 million). As at 31 March 2026 and 31 March 2025, no additional collateralisation was required in respect of these guarantees. The Company has assessed the probability of outflows under these guarantees as remote and accordingly no provision has been recognised in the financial statements.

13. Share Capital and Reserves

The issued share capital of the Company consists of Ordinary Shares, being the sole share class. The Company has taken advantage of the provisions of the Companies (Guernsey) Law 2008 to amalgamate into a single distributable reserve the net proceeds from the issue of shares and all retained profits. The Company does not have any externally-imposed capital requirements. As at 31 March 2026, the Company had equity of £305.9 million (31 March 2025: £318.4 million).

	31 Mar 2026 Number of Shares	31 Mar 2025 Number of Shares
Authorised Share Capital		
Shares of no par value each	Unlimited	Unlimited
Shares issued and fully paid	229,332,478	229,332,478
Shares outstanding		
Shares at the start of the year	221,894,004	225,237,478
Shares repurchased and held in treasury	(850,000)	(3,343,474)
Shares at the end of the year	221,044,004	221,894,004
Treasury Shares		
Shares repurchased and held in treasury at the start of the year	7,438,474	4,095,000
Shares repurchased and held in treasury	850,000	3,343,474
Shares repurchased and held in treasury at the end of the year	8,288,474	7,438,474

Pursuant to the share buyback authority approved by the Company's Shareholders at the Annual General Meeting ("AGM") on 17 September 2025, the Board has been granted authority to repurchase up to 14.99% of the Company's issued share capital (excluding treasury shares) until the 2026 AGM, subject to preagreed parameters.

The Company purchased 0.9 million (31 March 2025: 3.3 million) shares in the market during the year. The total amount paid to purchase the shares was £1.1 million (31 March 2025: £4.2 million).

The Company manages its capital to ensure that it will be able to continue as a going concern while maximising the return to Shareholders. The Company is a closed-ended listed investment company and, as such, Shareholders in the Company have no right to redeem their shares. Any redemption offered to Shareholders shall be at the discretion of the Directors of the Company.

There were no changes in the policies and procedures during the year ended 31 March 2026 with respect to the Company's approach to its share capital management.

14. Financial Instruments and Associated Risks

The Company's investment activities expose it to various types of risk which are associated with the financial instruments and markets in which it invests. The Company's risk management policies seek to minimise the potential adverse effects of these risks on the Company's financial performance.

The financial risks to which the Company is exposed include market risks (including foreign currency risk and interest rate risk), credit risk, liquidity risk and prepayment and re-investment risks. In certain instances, as described more fully below, the Company enters into derivative transactions in order to help mitigate particular types of risk.

(a) Market Risks

Market risk is the risk that the fair value and future cash flows of a financial instrument will fluctuate because of changes in market factors. Market risk comprises foreign currency risk, interest rate risk and other price risk.

The Company's strategy on the management of market risk is driven by the Company's investment objectives which in respect of the Company is to invest primarily in debt secured by commercial or residential properties in the United Kingdom and Western Europe.

The Company's market risk is managed on a daily basis by the Investment Manager in accordance with policies and procedures detailed below.

The sensitivity analysis below is based on a change in one variable while holding all other variables constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated – for example, change in foreign currency rate and change in market values. In addition, as the sensitivity analysis uses historical data as a basis for determining future events, it does not encompass all possible scenarios, particularly those that are of an extreme nature. The sensitivity analyses are based on the Investment Manager's best estimate of reasonably possible changes in interest rates and foreign currency rates. In practice the actual trading results may differ from the sensitivity analyses in the following pages and the differences may be material.

(i) Foreign Currency Risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The primary purpose of the Company's foreign currency economic hedging activities is to protect against the volatility associated with investments denominated in foreign currencies and other financial assets and liabilities created in the normal course of business.

The Company is exposed to risks that the exchange rate of its currency relative to other foreign currencies may change in a manner that has an adverse effect on the value of that portion of the Company's financial assets or liabilities denominated in currencies other than GBP.

The Company manages its foreign exchange exposure with forward foreign exchange contracts with the objective of keeping its residual foreign currency exposure to a minimum.

The currency profile of the Company, including derivatives at fair value, at the year end date was as follows:

As at 31 March 2026:

Currency	Monetary Assets GBP'000	Monetary Liabilities GBP'000	Forward Foreign Exchange Contracts GBP'000	Net currency exposure GBP'000
GBP	267,550	(73,099)	112,983	307,434
EUR	157,811	(46,029)	(113,331)	(1,549)
USD	3	–	–	3
	425,364	(119,128)	(348)	305,888

Notes to the Financial Statements (continued)

As at 31 March 2025:

Currency	Monetary Assets GBP'000	Monetary Liabilities GBP'000	Forward Foreign Exchange Contracts GBP'000	Net currency exposure GBP'000
GBP	277,508	(65,257)	110,467	322,718
EUR	114,196	(7,885)	(110,680)	(4,369)
USD	7	–	–	7
	391,711	(73,142)	(213)	318,356

The notional amounts of the forward foreign exchange contracts outstanding were £117.7 million (31 March 2025: £123.3 million).

As at 31 March 2026, if the GBP strengthened by 5% or 10% in relation to all currency exposures of the Company, with all other variables held constant, the equity of the Company and the net profit/(loss) per the Statement of Comprehensive Income would have changed by the amounts shown below. The analysis was performed on the same basis for 2025.

By 5%	31 Mar 2026 GBP'000	31 Mar 2025 GBP'000
EUR	(77)	(218)
Total	(77)	(218)
By 10%	31 Mar 2026 GBP'000	31 Mar 2025 GBP'000
EUR	(155)	(437)
USD	–	1
Total	(155)	(436)

A 5% or 10% weakening of the GBP against the above currencies would have resulted in an equal but opposite effect on the equity of the Company and net profit/(loss) per the Statement of Comprehensive Income to the amounts shown above, on the basis that all other variables remained constant.

The sensitivity analysis reflects how the equity of the Company would have been affected by changes in the relevant risk variable that were reasonably possible at the reporting date. Management has determined that a fluctuation of 5% in foreign exchange rates is reasonably possible, considering the environment in which the Company operates.

(ii) Interest Rate Risk

Interest rate risk is the risk that the fair value and future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Company's interest rate risk is managed by the Investment Manager in accordance with policies and procedures detailed below.

The Company invests in fixed and floating rate real estate related debt assets (which includes loans and bonds). Interest rate risk arises from the effects of fluctuations in the prevailing levels of market interest rates on the fair value of financial assets and liabilities and future cash flow.

A fundamental principle of bond investing is that market interest rates and bond prices generally move in opposite directions. When market interest rates rise, prices of fixed-rate bonds fall. However, as explained under the key sources of estimation uncertainty in Note 3, the Board believes that for bilateral loans and bonds, the instrument's own effective yield represents the most appropriate rate to discount future cash flows. The use of this judgement limits the impact of the fluctuations in market interest rates on the valuation of the bilateral bonds and loans portfolio.

The Board in conjunction with the Investment Manager has considered relevant geopolitical and macroeconomic factors including the development of market interest rates during the year and continues to believe that this key judgement remains appropriate due to the bespoke nature of the investment portfolio, the short-term nature of the investments – characterised by their near-term maturity dates and limited exposure to long-duration interest rate risk – and the dislocation between the yield of these assets and the market interest rates.

Had movement in market interest rates been fully reflected in the valuation of fixed-rate assets held by the Company, the estimated impact of a rise of 1% (100 basis points) or 5% (500 basis points) (31 March 2025: 1% (100 basis points) or 5% (500 basis points)) on the NAV of the Company would be a decrease of £1.0 million or £5.1 million (31 March 2025: £4.8 million or £24.0 million), respectively. A decrease in interest rates by 1% (100 basis points) or 5% (500 basis points) is estimated to result in an increase in the NAV of the Company by a similar amount. These estimates are calculated based on the fair value of the fixed-rate securities, including accrued interest held by the Company as at 31 March 2026 and 31 March 2025, and their weighted average lives. This analysis excludes variable rate instruments, as market interest rate movements are inherently captured in their valuations.

For the floating rate portion of the portfolio, which represents 53% (31 March 2025: 27%) of total investments, a 1% (100 basis points) increase in interest rates would increase annual income by approximately £0.5 million (31 March 2025: £1.9 million), while a 1% (100 basis points) decrease would reduce annual income by approximately £0.5 million (31 March 2025: £1.9 million). This analysis assumes all other variables remain constant and is based on the floating rate exposure at the reporting date.

The interest rate profile of the Company as at 31 March 2026 was as follows:

	Fixed GBP'000	Floating GBP'000	Non-interest bearing GBP'000	Total GBP'000
Financial assets at fair value through profit or loss	163,030	212,824	28,621 ¹	404,475
Cash and cash equivalents	–	18,513	–	18,513
Cash collateral held at broker	–	2,250	–	2,250
Interest receivable	–	–	117	117
Other assets	–	–	9	9
Financing agreements	–	(117,616)	(820) ²	(118,436)
Derivative financial liabilities – forward foreign exchange contracts	–	–	(348)	(348)
Other liabilities	–	–	(692)	(692)
Total	163,030	115,971	26,887	305,888

¹ Accrued interest and equity participation loans related to financial assets at fair value through profit or loss.

² Interest payable related to financing agreements.

The maturity profile of the Company as at 31 March 2026 was as follows:

	Within one year GBP'000	One to five years GBP'000	Over five years GBP'000	Total GBP'000
Financial assets at fair value through profit or loss	78,885	317,350	8,240	404,475
Cash and cash equivalents	18,513	–	–	18,513
Cash collateral held at broker	2,250	–	–	2,250
Interest receivable	117	–	–	117
Other assets	9	–	–	9
Financing agreements	(70,717)	(47,719)	–	(118,436)
Derivative financial liabilities – forward foreign exchange contracts	(348)	–	–	(348)
Other liabilities	(692)	–	–	(692)
Net assets	28,017	269,631	8,240	305,888

Notes to the Financial Statements (continued)

The interest rate profile of the Company as at 31 March 2025 was as follows:

	Fixed GBP'000	Floating GBP'000	Non-interest bearing GBP'000	Total GBP'000
Financial assets at fair value through profit or loss	240,375	100,323	28,780 ¹	369,478
Cash and cash equivalents	–	19,295	–	19,295
Cash collateral held at broker	–	2,866	–	2,866
Other assets	–	–	72	72
Financing agreements	–	(69,931)	(919) ²	(70,850)
Derivative financial liabilities – forward foreign exchange contracts	–	–	(213)	(213)
Other liabilities	–	–	(2,292)	(2,292)
Total	240,375	52,553	25,428	318,356

¹ Accrued interest and equity participation loans related to financial assets at fair value through profit or loss.

² Interest payable related to financing agreements.

The maturity profile of the Company as at 31 March 2025 was as follows:

	Within one year GBP'000	One to five years GBP'000	Over five years GBP'000	Total GBP'000
Financial assets at fair value through profit or loss	183,567	184,244	1,667	369,478
Cash and cash equivalents	19,295	–	–	19,295
Cash collateral held at broker	2,866	–	–	2,866
Other assets	72	–	–	72
Financing agreements	(70,850)	–	–	(70,850)
Derivative financial liabilities – forward foreign exchange contracts	(213)	–	–	(213)
Other liabilities	(2,292)	–	–	(2,292)
Net assets	132,445	184,244	1,667	318,356

The value of the asset-backed securities will fluctuate as a result of changes in market prices (other than those arising from foreign currency risk or interest rate risk), whether caused by factors specific to an individual investment, its issuer or all factors affecting all instruments traded in the market. The loans in the Company are recorded at fair value on initial recognition and subsequent measurement.

(b) Credit Risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Company.

The Board manages credit risk associated with its investments in bonds by investing primarily in senior real estate debt related securities backed by real estate in the United Kingdom and Europe. There is credit risk that the assets collateralising the investments do not perform as expected and accordingly the underlying loans are not, or only partially, repaid. The Investment Manager evaluates changes in actual performance on a regular basis.

The Company has credit exposure in relation to its financial assets with The Bank of New York Mellon (International) Limited with the credit quality of AA- (31 March 2025: AA-) according to Standard and Poor's long-term senior debt rating. The Company's cash and cash equivalents are held with The Bank of New York Mellon (International) Limited.

The Company also has credit exposure to JPMorgan Chase Bank N.A. in relation to cash collateral held, which has a credit rating of AA- (31 March 2025: AA-) according to Standard and Poor's.

The Company measures credit risk and expected credit losses using probability of default, exposure at default and loss given default. The Board considers both historical analysis and forward-looking information in determining any expected credit loss. The Board considers the probability of default to be close to zero as these instruments have a low risk of default and the counterparties have a strong capacity to meet their contractual obligations in the near term. As a result, no loss allowance has been recognised based on 12-month expected credit losses as any such impairment would be wholly insignificant to the Company. The expected credit losses on cash and cash equivalents, cash collateral held at broker, and interest receivable have also been assessed under IFRS 9 and are considered immaterial due to the high credit quality of the counterparties and the short-term nature of these instruments. Accordingly, no loss allowance has been recognised for these financial assets.

The Company's maximum exposure to credit risk for financial assets is as follows:

	31 Mar 2026 GBP'000	31 Mar 2025 GBP'000
Instrument		
Real Estate Credit Investments – market bond portfolio	9,371	6,812
Real Estate Credit Investments – bilateral loan and bond portfolio ¹	455,459	451,861
Real Estate Credit Investments – equity participation loans ¹	16,651	16,790
Cash and cash equivalents	18,513	19,295
Cash collateral held at broker	2,250	2,866
Interest receivable	117	–
Total	502,361	497,624

¹ Includes undrawn commitments.

The following tables set out the Company's credit exposure by geography and financial instrument type as at 31 March 2026 and 31 March 2025:

As at 31 March 2026:	Market bond portfolio GBP'000	Bilateral loan and bond portfolio GBP'000	Equity participation loans GBP'000	Total GBP'000	% of net assets
France	–	70,878	9,208	80,086	26.18%
Germany	–	3,243	–	3,243	1.06%
Italy	1,051	23,154	–	24,205	7.91%
Spain	–	46,965	–	46,965	15.35%
United Kingdom	8,320	234,821	6,835	249,976	81.73%
Total	9,371	379,061	16,043	404,475	132.23%

As at 31 March 2025:	Market bond portfolio GBP'000	Bilateral loan and bond portfolio GBP'000	Equity participation loans GBP'000	Total GBP'000	% of net assets
France	–	77,913	10,023	87,936	27.62%
Germany	–	2,868	–	2,868	0.90%
Italy	1,688	–	–	1,688	0.53%
Luxembourg	–	12	–	12	0.00%
Spain	–	9,936	–	9,936	3.12%
United Kingdom	5,124	254,128	7,786	267,038	83.89%
Total	6,812	344,857	17,809	369,478	116.06%

Notes to the Financial Statements (continued)

The following table sets out the Company's credit exposure by sector as at 31 March 2026 and 31 March 2025:

Sector	31 Mar 2026 GBP'000	% of net assets	31 Mar 2025 GBP'000	% of net assets
Co-living	37,994	12.42%	33,502	10.52%
Hotel	151,572	49.55%	113,483	35.65%
Office	46,503	15.20%	35,128	11.03%
Residential	34,056	11.13%	30,736	9.65%
Student accommodation	66,963	21.89%	58,517	18.38%
Others	67,387	22.03%	98,112	30.82%
Total	404,475	132.23%	369,478	116.06%

Market Bond Portfolio

The Company is exposed to credit risk arising from investments in asset-backed securities. The value of these instruments may be adversely affected by defaults by issuers or other events impacting the credit quality of the underlying assets. The Board manages this risk through ongoing monitoring of its investment portfolio and regular review of the credit quality of counterparties on at least a monthly basis.

Bilateral Loan and Bond Portfolio

The Company is exposed to credit risk arising from its investments in loans and bonds. Borrowers may default on their obligations or experience events which adversely affect the value of these instruments. Default may arise from non-payment of principal or interest, or from breaches of loan covenants. In the event of default, the Company may incur a loss of principal and accrued interest, which could have a material adverse effect on its investments.

The Board seeks to mitigate this risk through due diligence at the time of investment and ongoing monitoring of its portfolio, including assessment of borrower credit quality, underlying asset performance, and compliance with loan and bond covenants. This monitoring is performed on at least a quarterly basis.

The Company's total investment in the bilateral loan and bond portfolio as at 31 March 2026 amounted to £379.1 million (31 March 2025: £344.9 million) which includes accrued interest on loans and bonds of £12.5 million (31 March 2025: £10.9 million) at this date.

The Company's total credit risk exposure includes an additional £2.9 million (31 March 2025: £9.3 million) relating to partial guarantee provided for off-balance sheet loan financing arrangements. These contingent obligations, while not recognised on the Statement of Financial Position, represent potential credit risk exposure that supplements our reported risk position. The Board has assessed the probability of outflows under these guarantees as remote and accordingly no provision has been recognised in the financial statements.

Derivative Contracts

Transactions involving derivative instruments are usually with counterparties with whom the Company has signed master netting agreements. Master netting agreements provide for the net settlement of contracts with the same counterparty in the event of default. The impact of the master netting agreements is to reduce credit risk from the amounts shown as derivative financial assets in the Statement of Financial Position. The credit risk associated with derivative financial assets subject to a master netting arrangement is eliminated only to the extent that financial liabilities due to the same counterparty will be settled after the assets are realised.

The exposure to credit risk reduced by master netting arrangements may change significantly within a short period of time as a result of transactions subject to the arrangement. The corresponding assets and liabilities have not been offset in the Statement of Financial Position.

Custody

The Company monitors its credit risk by monitoring the credit quality of The Bank of New York Mellon (International) Limited, as reported by Standard and Poor's or Moody's.

If the credit quality or the financial position of The Bank of New York Mellon (International) Limited were to deteriorate significantly, the Investment Manager will seek to move the Company's assets to another bank. The Bank of New York Mellon (International) Limited is a Trust Company with a credit quality of Aa1 at the reporting date (31 March 2025: Aa1) according to Moody's.

(c) Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with its financial liabilities. The Company's policy and the Investment Manager's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stress conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

In managing the Company's assets, therefore, the Investment Manager seeks to ensure that the Company holds at all times a sufficient portfolio of assets listed on recognised investment exchanges to enable it to discharge its payment obligations. The Investment Manager monitors the Company's liquidity position on a daily basis. Where needed, the Investment Manager will liquidate positions to increase cash or reduce leverage.

The market for subordinated asset-backed securities including real estate loans into which the Company is invested, is illiquid. In addition, investments that the Company purchases in privately negotiated (also called "over-the-counter" or "OTC") transactions may not be registered under relevant securities laws or otherwise may not be freely tradable, resulting in restrictions on their transfer, sale, pledge or other disposition except in a transaction that is exempt from the registration requirements of, or is otherwise in accordance with, those laws. As a result of this illiquidity, the Company's ability to vary its portfolio in a timely fashion and to receive a fair price in response to changes in economic and other conditions may be limited.

Furthermore, where the Company acquires investments for which there is not a readily available market, the Company's ability to deal in any such investment or obtain reliable information about the value of such investment or risks to which such investment is exposed may be limited.

The Company manages liquidity risk arising from off-balance sheet financing arrangements by seeking to align the maturity of such arrangements with the maturity profile of the underlying loans. Repurchase arrangements are managed separately. The contractual maturity for repurchase arrangements relating to market bond positions is typically six months, with the expectation that such financing will be rolled over. For bilateral positions, the maturity period is generally determined by the earlier of the maturity of the underlying loan and the maturity of the Company's committed repo facility although in certain circumstances financing may extend beyond the maturity of the committed facility in order to better align with the maturity of the underlying asset. The Company's committed repo facility matures on 30 September 2026 and renewal is subject to negotiation, although the Directors currently expect the facility to be renewed.

The following tables detail the current and long-term financial liabilities of the Company at the year end date:

As at 31 March 2026:	Less than 1 month GBP'000	1-3 months GBP'000	3 months to 1 year GBP'000	Greater than 1 year GBP'000
Financial liabilities excluding derivatives				
Financing agreements	–	41,329	29,388	47,719
Other liabilities	–	692	–	–
	–	42,021	29,388	47,719
As at 31 March 2025:				
	Less than 1 month GBP'000	1-3 months GBP'000	3 months to 1 year GBP'000	Greater than 1 year GBP'000
Financial liabilities excluding derivatives				
Financing agreements	51,376	18,655	819	–
Other liabilities	–	2,292	–	–
	51,376	20,947	819	–

(d) Valuation of Financial Instruments

IFRS 13 Fair Value Measurement requires disclosures surrounding the level in the fair value hierarchy in which fair value measurement inputs are categorised for financial assets and liabilities measured in the Statement of Financial Position. The determination of the fair value for financial assets and liabilities for which there is no observable market price requires the use of valuation techniques as described in Note 2, Material accounting policies and in Note 3, Critical accounting judgements and key sources of estimation uncertainty. For financial instruments that trade infrequently and have little price transparency, fair value is less objective.

Notes to the Financial Statements (continued)

The Company categorises investments using the following hierarchy as defined by IFRS 13:

Level 1 – Quoted market prices in an active market for an identical instrument;

Level 2 – Valuation techniques based on observable inputs. This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data; and

Level 3 – Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs could have a significant impact on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

The following tables analyse within the fair value hierarchy of the Company's financial assets and liabilities measured at fair value at the year end date:

As at 31 March 2026:	Level 1 GBP'000	Level 2 GBP'000	Level 3 GBP'000	Total GBP'000
Non-current assets				
Real Estate Credit Investments – market bond portfolio	–	–	9,281	9,281
Real Estate Credit Investments – bilateral loan and bond portfolio	–	–	301,292	301,292
Real Estate Credit Investments – equity participation loans	–	–	15,017	15,017
Total non-current assets	–	–	325,590	325,590
Current assets				
Real Estate Credit Investments – market bond portfolio	–	–	90	90
Real Estate Credit Investments – bilateral loan and bond portfolio	–	–	77,769	77,769
Real Estate Credit Investments – equity participation loans	–	–	1,026	1,026
Total current assets	–	–	78,885	78,885
Non-current liabilities				
Real Estate Credit Investments – repurchase agreements – bilateral loan and bond portfolio	–	(47,719) ¹	–	(47,719)
Total non-current liabilities	–	(47,719)	–	(47,719)
Current liabilities				
Real Estate Credit Investments – repurchase agreements – market bond portfolio	–	(6,726) ¹	–	(6,726)
Real Estate Credit Investments – repurchase agreements – bilateral loan and bond portfolio	–	(63,991) ¹	–	(63,991)
Forward foreign exchange contracts	–	(348)	–	(348)
Total current liabilities	–	(71,065)	–	(71,065)
	–	(118,784)	404,475	285,691

¹ Includes repurchase agreements related to Level 3 investments.

As at 31 March 2025:	Level 1 GBP'000	Level 2 GBP'000	Level 3 GBP'000	Total GBP'000
Non-current assets¹				
Real Estate Credit Investments – market bond portfolio	–	66	6,746	6,812
Real Estate Credit Investments – bilateral loan and bond portfolio	–	–	344,857	344,857
Real Estate Credit Investments – equity participation loans	–	–	17,809	17,809
Total non-current assets	–	66	369,412	369,478
Current liabilities¹				
Real Estate Credit Investments – repurchase agreements	–	(70,850) ²	–	(70,850)
Forward foreign exchange contracts	–	(213)	–	(213)
Total current liabilities	–	(71,063)	–	(71,063)
	–	(70,997)	369,412	298,415

¹ As at 31 March 2026, the investments and repurchase agreements are grouped into current and non-current based on their contractual maturity dates. This presentation provides more relevant information to users of the financial statements by aligning with the Company's liquidity management approach. This change was not applied retrospectively to the 31 March 2025 comparative figures as the impact is not considered qualitatively material to users of the financial statements and has no effect on the Company's key metrics including revenue, net profit and net assets. As at 31 March 2025, £183.6 million of the investments and £23.8 million of the repurchase agreements had a maturity within 12 months; the remainder had a maturity of over 12 months.

² Includes repurchase agreements related to Level 3 investments.

The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety is determined based on the lowest level input that is significant to the fair value measurement in its entirety.

The fair value of market bonds that trade in markets that are not considered to be active but are valued based on quoted market prices, dealer quotations or alternative pricing sources supported by observable inputs are classified within Level 2. These include investment-grade corporate bonds.

For market bonds where there is not an active market or where no observable prices are available, fair value is determined from prices provided by a third-party pricing vendor who may make use of unobservable inputs in their pricing evaluation.

The Company's bilateral loans and bonds are not traded in an active market and there are no independent quotes available for these loans. Such holdings are classified as Level 3 investments. The fair value of these loans and bonds are linked directly to the value of the real estate loans that the underlying structures invests in, which are determined based on modelled expected cash flows (drawdown principal and interest repayments, and maturity dates) with effective yields ranging from 7.7% to 14.0% (31 March 2025: 7.1% to 11.7%) (the unobservable input).

The fair value of the real estate loans is adjusted for changes in the credit quality of both the borrower and the underlying property collateral, and changes in the market rate on similar instruments where changes are material. No material movements on the fair value of the real estate loans have been identified and the carrying value of the loans was used. On origination of the loan, the Investment Manager performs due diligence on the borrower and related security/property. This includes obtaining a valuation of the underlying property (to assess LTV of the investment). In most instances, the terms of the loan require periodic revaluation of the underlying property to check against LTV covenants. All the fees associated with the investments (arrangement fees, exit fees, etc.) are paid directly to the Company and not paid to the Investment Manager.

The fair values of the repurchase agreements discount the future cash flows of the instruments at interest rates based primarily on observable market rates. The Company has exercised judgement in determining that these liabilities should be classified in Level 2 of the fair value hierarchy.

The fair value of forward foreign exchange contracts is the difference between the contracts price and reported market prices of the underlying contract variables. These are included in Level 2 of the fair value hierarchy.

Notes to the Financial Statements (continued)

The following tables set out information about significant unobservable inputs used as at 31 March 2026 and 31 March 2025 in measuring financial assets categorised as Level 3:

As at 31 March 2026:	Fair value GBP'000	Valuation technique	Unobservable input
Market bond portfolio	9,371	Priced via external pricing source	Comparable set used
Bilateral loan and bond portfolio	379,061	Discounted cash flow	Risk-adjusted discount rate and sector-based yields
Equity participation loans	16,043	Discounted cash flow	Risk-adjusted discount rate and sector-based yields
As at 31 March 2025:	Fair value GBP'000	Valuation technique	Unobservable input
Market bond portfolio	6,746	Priced via external pricing source	Comparable set used
Bilateral loan and bond portfolio	344,857	Discounted cash flow	Risk-adjusted discount rate and sector-based yields
Equity participation loans	17,809	Discounted cash flow	Risk-adjusted discount rate and sector-based yields

Although the Board believes that its estimates of fair value are appropriate, the use of different methodologies or assumptions could lead to different measurements of fair value. Changes in unobservable inputs, such as discount rates used in loans and bonds valuation and sector-based yields used in collateral valuation can have a negative or positive impact on fair value. Sensitivities around the discount rates are discussed in detail in the interest rate risk note while sensitivity around expected future cash flows including collateral valuation is explained below. For Level 3 fair value measurements, sensitivities applied to external valuations range from 10% to 20% for valuations dated prior to 30 September 2025 (31 March 2025: 10% to 15%), and from 5% to 10% for valuations dated thereafter (31 March 2025: 5% to 10%). This represents the Board's assessment of a reasonable possible change and would have a negative impact of £7.4 million (31 March 2025: £3.6 million) or positive impact of £7.4 million (31 March 2025: £3.8 million) on the fair value measurements for the Level 3 assets.

Since 2017, the majority of the Company's investments are made through Luxembourg-based entities, ENIV S.à r.l. and RELF via separate note instruments. As and when market information, such as market prices from recognised financial data providers becomes available, the Company will assess the impact on its portfolio of loans and whether there should be any transfers between levels in the fair value hierarchy.

As at 31 March 2026, the Investment Manager has taken into account movements in market rates, any indications of impairment, significant credit events or significant negative performance of the underlying property structures, which might affect the fair value of the loans and bonds. Please refer to pages 82 to 83 for the effects of movement in market rates.

Level 3 Reconciliation

The following table shows a reconciliation of all movements in the fair value of financial instruments categorised within Level 3 between the beginning and the end of the financial year:

	Level 3 31 Mar 2026 GBP'000	Level 3 31 Mar 2025 GBP'000
Financial assets at fair value through profit or loss		
Opening balance	369,412	329,268
Total losses recognised in the Statement of Comprehensive Income for the year	(4,357)	(1,025)
Purchases ¹	185,611	139,847
Sales	(147,863)	(100,588)
Increase in interest receivable	1,672	1,910
Closing balance	404,475	369,412
Unrealised (losses)/gains on investments classified as Level 3 at year end	(7,108)	187

¹ Includes capitalised interest amounting to £18,492 (31 March 2025: £12,567).

(e) Prepayment and Re-Investment Risks

The Company's real estate loans have the facility for prepayment. The Company's exposure to real estate debt securities also has exposure to potential prepayment risk which may have an impact on the value of the Company's portfolio. Prepayment rates are influenced by changes in interest rates and a variety of economic, geographic, and other factors beyond the Company's control and consequently cannot be predicted with certainty.

The level and timing of prepayments made by borrowers in respect of the mortgage loans that collateralise certain of the Company's investments may have an adverse impact on the income earned by the Company from those investments.

Early prepayments also give rise to increased re-investment risk. If the Company is unable to reinvest such cash in a new investment with an expected rate of return at least equal to that of the loan repaid, the Company's net income will be lower and, consequently, could have an adverse impact on the Company's ability to pay dividends.

The Investment Manager reviews the prepayment assumptions each quarter and will update as required. These assumptions are considered through a review of the underlying loan performance information of the securitisations.

15. Cash Collateral

The Company manages some of its financial risks through the use of financial derivative instruments and repurchase agreements which are subject to collateral requirements. As at 31 March 2026, a total of £2.3 million (31 March 2025: £2.9 million) was due from JPMorgan Chase Bank, N.A. under the terms of the relevant arrangements. This cash held at brokers is restricted and is shown as Cash collateral held at broker in the Statement of Financial Position.

16. Material Agreements and Related Party Transactions

Loan Investments

Since 2017, the majority of the Company's investments are made through Luxembourg-based entities, ENIV S.à r.l. and RELF, via separate note instruments. These entities have separate compartments for each loan deal which effectively ringfences each loan deal. Other funds managed by the Investment Manager may invest *pari passu* in these compartments.

Investment Manager

The Company is party to an Investment Management Agreement with the Investment Manager, dated 23 February 2017, pursuant to which the Company has appointed the Investment Manager to manage its assets on a day-to-day basis in accordance with its investment objectives and policies, subject to the overall supervision and direction of the Board of Directors.

The Company pays the Investment Manager a Management Fee and a Performance Fee.

Management Fee

Under the terms of the Investment Management Agreement, the Investment Manager is entitled to receive from the Company an annual Management Fee of 1.25% on an adjusted NAV, being the NAV of the shares.

During the year ended 31 March 2026, the Management Fee totalled £4.0 million (31 March 2025: £4.1 million), of which £0.3 million (31 March 2025: £0.3 million) was outstanding at the year end.

Performance Fee

Under the terms of the Investment Management Agreement, the Investment Manager is entitled to receive from the Company a Performance Fee calculated as $((A-B) \times 20\% \times C)$ where:

A = the Adjusted Performance NAV per share, as defined in the Prospectus.

B = the NAV per share as at the first business day of the Performance Period increased by a simple annual rate of return of 7% over the Performance Period or, if no Performance Fee was payable in the previous Performance Period, the NAV per share on the first business day of the Performance Period immediately following the last Performance Period in which a Performance Fee was paid (the "Starting Date") increased by a simple annual rate of return of 7% over the period since the Starting Date ("Hurdle Assets").

C = the time weighted average number of shares in issue in the period since the Starting Date.

On 1 October 2025, the Company entered a new Performance Period which is expected to run until the end date of the quarter in which the next continuation resolution is passed. As no Performance Fee was payable in the previous Performance Period, the NAV on which the Hurdle Assets will be determined in accordance with the above formula was the NAV per share of £1.63

as at 2 October 2017 (being the Starting Date of the Performance Period immediately following the last Performance Period in which a Performance Fee was paid).

During the years ended 31 March 2026 and 31 March 2025, there were no performance fees paid or accrued.

Directors' Fee

The Remuneration Committee determines the Company's Remuneration Policy within the limits set by the Articles of Incorporation which currently state that the remuneration paid to each Director by way of fees shall not exceed €160,000 in any financial year. Additionally, they provide that if any Director performs any special duties, or renders services, outside of the ordinary duties of a Director, that Director shall be paid such reasonable additional remuneration as the Board may determine.

The Committee is authorised by the Board to seek, subject to a financial limit, such independent advice as it may deem necessary in the discharge of its responsibilities.

During the year ended 31 March 2026, the Directors' fee totalled £0.3 million (31 March 2025: £0.3 million), of which £0.06 million (31 March 2025: £0.06 million) was outstanding at the year end.

Administration Fee

Under the terms of the Administration Agreement, the Administrator is entitled to receive from the Company a monthly administration fee based on the prior month gross assets of the Company adjusted for current month subscriptions and redemptions of the Company at the relevant basis points per annum rate, subject always to a minimum monthly fee of £10,000.

During the year ended 31 March 2026, the Administration fee totalled £0.3 million (31 March 2025: £0.3 million), of which £0.06 million (31 March 2025: £0.04 million) was outstanding at the year end.

Depositary Fee

Under the terms of the Depositary Agreement, the Depositary is entitled to receive from the Company an annual Depositary fee of 0.02% (31 March 2025: 0.02%) of the NAV of the Company. During the year ended 31 March 2026, the Depositary fee totalled £0.06 million (31 March 2025: £0.04 million). The Company owed £6,287 (31 March 2025: £20,101) to the Depositary at the year end.

17. Contingencies and Commitments

As at 31 March 2026, the Company had committed £492.8 million into loan and bond portfolio of which £435.7 million had been funded (31 March 2025: £486.3 million into the loan and bond portfolio of which £438.4 million had been funded).

18. Subsequent Events

The Directors approved a dividend of 3.0 pence per share on 24 June 2026.

There have been no other significant events affecting the Company since the year end date that require amendment to or disclosure in the financial statements.

19. Approval of the Financial Statements

The Annual Report and audited financial statements of the Company were approved by the Directors on 24 June 2026.

Appendix I – AIFM Remuneration Policy (Unaudited)

Annual Remuneration Disclosure for the Year to 31 March 2026

Cheyne Capital Management (UK) LLP (“Cheyne”), the Alternative Investment Fund Manager (“AIFM”), has implemented a Remuneration Policy (“the Policy”) that is applicable to all remuneration matters within the firm, with a particular focus on those persons who have been identified as having a material impact on the risk profile of the AIF (Code Staff). This includes senior management, risk takers and control functions.

The Policy is in line with Cheyne’s business strategy, objectives, values and long-term interests. As an AIFM, Cheyne’s overall objective is to achieve attractive and controlled performance and capital growth for all funds under management, including the AIF, and to develop strong long-term relationships with investors. Cheyne’s income is dependent upon the funds for which it serves as manager or AIFM, and therefore the profit available for distribution under the Policy is dependent upon the performance of such funds including the AIF. As such, the fulfilment of Cheyne’s objectives is interlinked with the best interests of Cheyne’s clients, which in turn is in line with the Policy. The Policy promotes effective risk management and does not tolerate breaches of internal risk guidelines.

Cheyne has a Remuneration Committee (currently the COO and CFO) who report into the Incentivisation Committee (currently the CEO and President) that oversees the remuneration of individuals, including Code Staff, and approval of the allocation of profits available for discretionary division among members.

Cheyne was authorised as an AIFM on 22 July 2014. The quantitative disclosures required under Article 22 of AIFMD in accordance with the European Securities and Markets Authority (“ESMA”) guidance for the year ended 31 March 2026, in respect of remuneration derived from the AIF are as follows:

Business Area	Number of Code Staff	AIFM Total Remuneration (all variable)	Code Staff relevant to the AIF	Remuneration derived from the AIF (all variable)	Deferred Remuneration derived from the AIF
Portfolio Management	19	£16,676,218	9	£941,260	£210,481
Senior Management	8	£7,143,487	1	£795,933	£210,855
Total	27	£23,819,705	10	£1,737,193	£421,336

Remuneration Code information is provided as required under the FCA Rules.

Appendix II – AIFM Leverage (Unaudited)

For the purposes of this disclosure, leverage is any method by which a fund's exposure is increased. A fund's exposure may be increased by using derivatives, by reinvesting cash borrowings, through positions within repurchase or reverse repurchase agreements, through securities lending or securities borrowing arrangements, or by any other means (such increase referred to herein as the "Incremental Exposure"). The AIFMD prescribes two methodologies for calculating overall exposure of a fund: the "gross methodology" and the "commitment methodology". These methodologies are briefly summarised below.

The commitment methodology takes account of the hedging and netting arrangements employed by a fund at any given time (purchased and sold derivative positions will be netted where both relate to the same underlying asset). This calculation of exposure includes all Incremental Exposure as well as a fund's own physical holdings, and cash. By contrast, the gross methodology does not take account of the netting or hedging arrangements employed by a Company. This calculation of exposure includes all Incremental Exposure as well as the Company's own physical holdings; cash is excluded.

The AIFMD requires that each leverage ratio be expressed as the ratio between a fund's total exposure (including any Incremental Exposure) and its NAV. Using the methodologies prescribed under the AIFMD and implementing legislation, the Company has set a maximum level of leverage, taking into account atypical and volatile market conditions. Leverage will not exceed the ratio of 5:1 using the commitment methodology and 5:1 using the gross methodology.

The use of leverage, including borrowings, may increase the volatility of the Company's NAV per share and also amplify any loss in the value of the Company's assets.

While the use of borrowing should enhance the total return on the shares where the return on the Company's underlying assets is rising and exceeds the cost of borrowing, it will have the opposite effect where the return on the Company's underlying assets is falling or rising at a lower rate than the cost of borrowing, reducing the total return on the shares. As a result, the use of borrowing by the Company may increase the volatility of the NAV per share.

Any reduction in the value of the Company's investments may lead to a correspondingly greater percentage reduction in its NAV (which is likely to adversely affect the price of a share). Any reduction in the number of shares in issue (for example, as a result of buybacks or tender offers) will, in the absence of a corresponding reduction in borrowing, result in an increase in the Company's level of gearing.

To the extent that a fall in the value of the Company's investments causes gearing to rise to a level that is not consistent with the Company's gearing policy or borrowing limits, the Company may have to sell investments in order to reduce borrowing.

The Company will pay interest on its borrowing. As such, the Company is exposed to interest rate risk due to fluctuations in the prevailing market rates. The Company may employ hedging techniques designed to reduce the risk of adverse movements in interest rates. However, such strategies may also result in losses and overall poorer performance than if the Company had not entered into such hedging transactions.

The risks associated with the derivatives used by the Company and that may contribute to the leverage of the Company are set out earlier.

Leverage is limited to 500% of NAV of the Company under both the Gross and Commitment approaches. Up to 31 March 2026, the maximum leverage calculated has been 175.68% (31 March 2025: 164.00%) for the Gross Approach and 143.78% (31 March 2025: 128.45%) for the Commitment Approach.

Appendix III – Ongoing charges in the reported year (Unaudited)

Ongoing charges are calculated in line with guidance issued by the Association of Investment Companies (“AIC”). They comprise recurring operating costs of the Company such as investment management fees, administration fees, depositary fees, directors’ fees and audit fees. They specifically exclude deal and underwriting expenses, finance costs, and other non-recurring costs.

A reconciliation between costs per the financial statements and those used in the ongoing charges is set out below.

	Total per Statement of Comprehensive Income GBP’000	Excluded from AIC ongoing charges GBP’000	Included in AIC ongoing charges GBP’000
Operating costs			
Investment management fees	3,956	–	3,956
Administration fees	275	–	275
Depositary fees	57	9	48
Directors’ fees	253	–	253
Audit fees	175	–	175
Fees to auditor for non-audit services	61	–	61
Deal and underwriting expenses	46	46	–
Other operating expenses ¹	(821)	(1,371)	550
Total	4,002	(1,316)	5,318
Finance costs	6,256	6,256	–
Total costs	10,258	4,940	5,318
Total ongoing charges	10,258	4,940	5,318
Average NAV ²			314,754
% of Average NAV			1.69%

¹ Amounts arising from prior period adjustments, including releases of provisions or accruals relating to earlier reporting periods, are excluded from the calculation as they do not represent the current period cost of operating the Company.

² Represents the average of five quarter-end reported NAVs from 31 March 2025 to 31 March 2026.

Directors and Advisers

Directors

Andreas Tautscher
Susie Farnon
Colleen McHugh
Mark Thompson

Secretary of the Company

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Sub-Administrator

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Glossary

Asset Strategy definitions

Core	Assets that benefit from having long-term income.
Core +	Assets that benefit from having strong current income but do require some measure of asset management to optimise their income profile and term.
Development De-Risked	Development assets which benefit from being substantially pre-sold or pre-let.
Development Fit-Out	Assets that have either been built from the ground up and have reached the completion of the superstructure ("topped out"), or assets which are in need of substantial refurbishment works. These typically already benefit from the requisite consent to develop.
Development Groundworks/ Superstructure	Assets that are to be built from the ground up and are in the groundworks stage or building the superstructure has commenced. These typically already benefit from the requisite consent to develop.
Real Estate Op-Co/Prop-Co Loan	Loan secured by both the operating company as well as all of the Company's real assets.
Value add/transitional	Assets that require asset management (typically refurbishment) and re-letting to secure a core income profile.
Weighted Average Life ("WAL")	Represents the average time until principal is repaid, weighted by the size of each principal payment. WAL is calculated by excluding all cash flows prior to the reporting date and adjusting for accrued value in the current period, to reflect only the expected future repayments.

Alternative Performance Measures

Average discount in year	The average of the difference between the price per Ordinary Share and the NAV per Share.
Dividends per Share	The total amount of dividends paid out over a period (usually annually) for each Ordinary Share. It represents the amount of a company's earnings that is distributed to Shareholders on a per-share basis.
Dividend Yield	The total dividends paid in the reporting period (per Ordinary Share) divided by the quoted price of each share as at the relevant reporting date.
Leverage	Recourse financing agreements divided by the net assets.
Market Capitalisation	The number of Ordinary Shares in issuance at the relevant reporting date multiplied by the price per Ordinary Share at the relevant reporting date.
NAV per Share	The net asset value of the Company divided by the number of Ordinary Shares in issuance at the relevant reporting date.
Share Price Premium/Discount	The percentage difference between the NAV per Ordinary Share and the quoted price of each Ordinary Shares as at the relevant reporting date.
Total NAV Return	The return on the movement in the NAV per share at the end of the period together with all the dividends paid during the period, divided by the NAV per share at the beginning of the period.
Yield	The expected income returned on the portfolio of investments expressed as a percentage of the investments' current market value.



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