RECI
REAL ESTATE CREDIT INVESTMENTS

Cheyne Capital

REAL ESTATE CREDIT INVESTMENTS LIMITED

Company Update

April 2021

www.recreditinvest.com
Ticker: RECI LN

Background

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

RECI is externally managed by Cheyne Capital's real estate business which was formed in 2008 and currently manages over $4bn via private funds and managed accounts. Its investments span the entire spectrum of real estate risk from senior loans, mezzanine loans, special situations to direct asset development and management.

RECI's overarching aim is to deliver a stable quarterly dividend with minimal volatility, through economic and credit cycles via a levered exposure to real estate credit investments. Investments may take different forms but are principally in:

- **Self Originated Deals**: predominantly bilateral senior real estate loans and bonds
- **Market Bonds**: listed real estate debt securities such as Commercial Mortgage Backed Securities (CMBS) bonds.

Given the ongoing uncertainty evolving from the COVID-19 pandemic, this Company Update Presentation has been prepared by the Company's Investment Manager to provide investors with an update of the position of the Company as at 31 March 2021, a detailed review of the positions held by the Company, and detail of the Company's strategy with regards to dividends, leverage, and opportunities in the UK and European real estate credit markets

Contents

Summary : Investment Opportunity

✓ **Attractive returns from low LTV credit exposure to UK and European commercial real estate assets**

- Weighted Average LTV of 64.9% as at 31 March 2021
- Predominantly large, well capitalised, and experienced institutional borrowers

✓ **Quarterly dividends delivered consistently since October 2013**

- The Company has consistently sought to pay a stable quarterly dividend
- This has led to a stable annualised dividend of around 7% of NAV
- Maintaining dividend policy for March 2021 year end as announced in May 2020

✓ **Highly granular book**

- 61 positions
- Top position: 14.1% of NAV (by commitment) as at 31 March 2021

✓ **Transparent and conservative leverage**

- Net leverage 16.0% (with £22.8m cash) as at 31 March 2021

✓ **Access to established real estate investment team at Cheyne, which manages over $4bn AUM**

✓ **Access to pipeline of enhanced return investment opportunities identified by Cheyne**

✓ **Robust mitigation against a rising rates environment**

- A high yielding portfolio, combined with a short weighted average life of 1.9 years, ensures minimal exposure to yield widening and the ability to redeploy quickly at higher rates

Responding to COVID

- Market
  - Due to banks still not lending, Cheyne has become a "go to" lender
- Portfolio
  - No defaults due to robust positions. Move to more senior positions
  - Mark to Market recovery of 4.1p to NAV since initial COVID-19 impact in March 2020
- Cash
  - Cash reserves maintained at between 5% to10% of NAV
- Dividend
  - Dividends maintained at 3p per quarter, 8.8% yield, based on share price, as at 31 March 2021
- Discount
  - Reduction in the discount – average for 2021 calendar year to date of 6.4%
- Opportunities
  - Increased returns at more defensive LTVs

Summary: Structural Strength - Positioned to Capitalise on Opportunities

- Having successfully navigated through the challenges posed by the COVID-19 pandemic, RECI is well positioned to address future market uncertainty, with a strong portfolio profile and modest leverage comprising,
  - Senior loans and bonds equal to 82% of NAV
  - Weighted average LTV of 64.9%
  - The portfolio is concentrated on credits to large, well capitalised and experienced institutional borrowers
  - Leverage of 1.23x gross (1.16x net of cash held) as at 31 March 2021
  - Cash on balance sheet of £22.8m
- The Company has good visibility on its liquidity and income profile for the next financial year ending March 2022, and beyond
- The Company is positioned to take advantage of a new pipeline of opportunities from a position of strength

31 March 2021 Snapshot

Current Position

- NAV at end of March 2021 was £1.512, up from £1.495 at 31 December 2020
- RECI announced in May 2020 no change to its dividend policy for the financial year ending 31 March 2021 and has to date **paid dividends of 3p per quarter**, 9p in total, in respect of that year.
- NAV per share and portfolio have been stabilised since the 31 March 2020 COVID-19 impact

	31-Dec-20	31-Jan-21	28-Feb-21	31-Mar-21
Bilateral Loans & Bonds (Fair Value)	£311.5m	£305.0m	£307.6m	£310.3m
Public Market Bonds (Market Value)	£75.4m	£75.5m	£80.1m	£80.4m
Cash	£21.3m	£28.4m	£30.3m	£22.8m
Financing	-£74.0m	-£74.1m	-£79.4m	-£78.3m
Other Assets & Liabilities	£8.8m	£10.8m	£9.6m	£11.6m
Net Assets	**£342.9m**	**£345.6m**	**£348.2m**	**£346.8m**
Shares Outstanding	**229,332,478**	**229,332,478**	**229,332,478**	**229,332,478**
NAV per share	**£1.495**	**£1.507**	**£1.518**	**£1.512***
Debt to Equity Ratio	21.6%	21.5%	22.8%	22.6%
Net Leverage	15.4%	13.2%	14.1%	16.0%

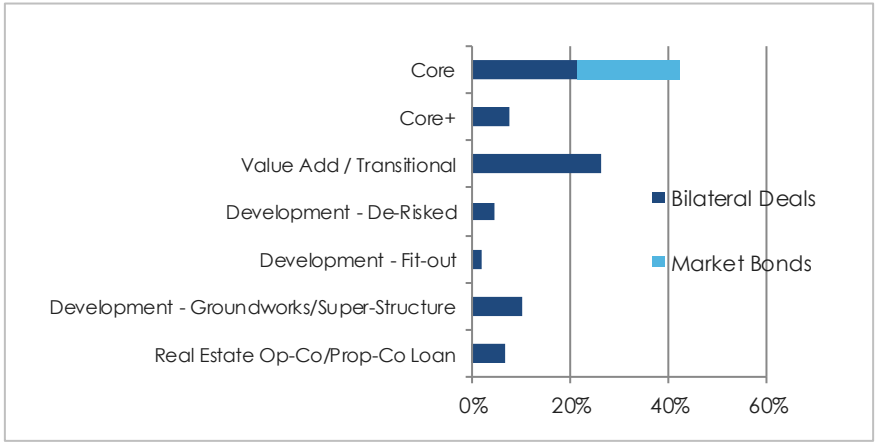
*Dividend of 3p per share went ex-div in March

Portfolio Composition

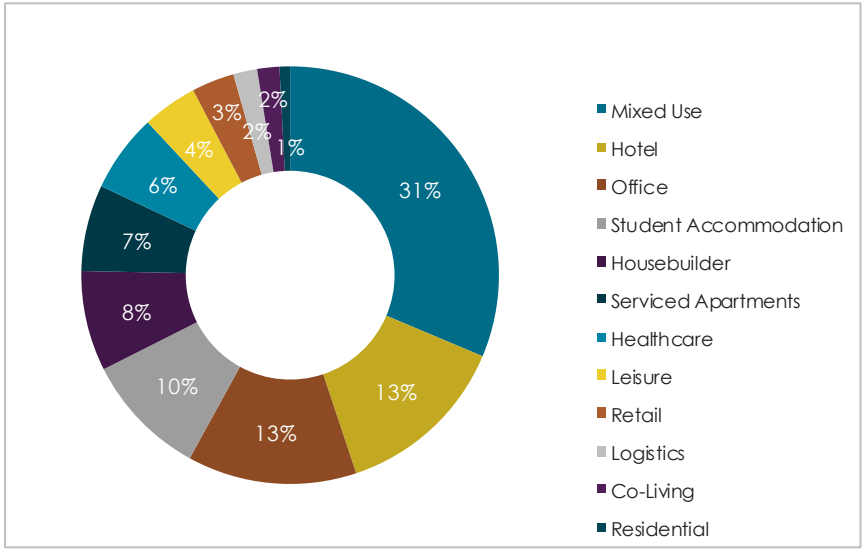
- RECI's investment portfolio was valued at £390.7m as at 31 March 2021.
- The bilateral loan portfolio of £310.3m comprises 29 loans, with an average LTV of 68.4%, an average unlevered yield of 8.8% and a weighted average life of 1.7 years.
- The public market bond portfolio, currently valued at £80.4m, has the potential for strong defensive returns.

Portfolio by Loan Type[1]

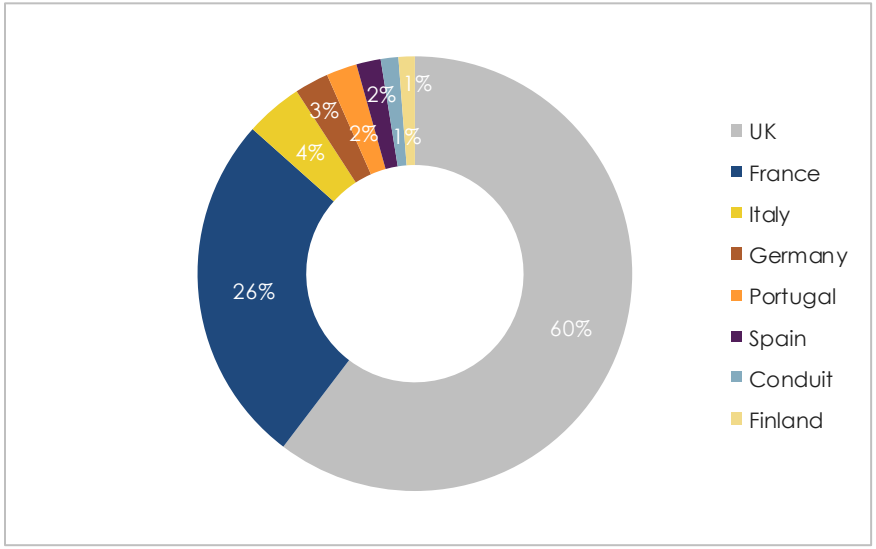
(Funded Fair Value)



By Sector (% of FV drawn)



By Geography (% of FV drawn)



1. For Loan Type definitions please refer to slide 24

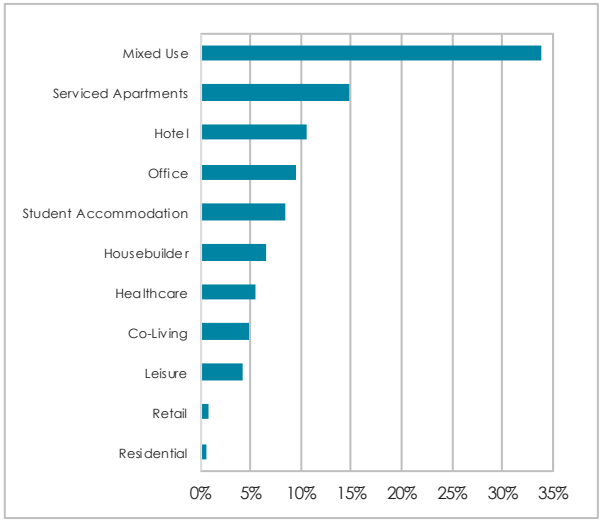
Portfolio Composition – Bilateral Deals[1]

29	£310.3m	68.4%	9.2%	1.7 yrs
Loans	FV of Portfolio	WA LTV	WA Yield[2]	WA Life

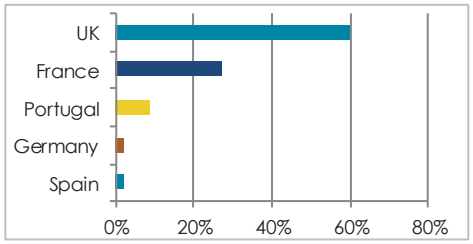
- £310.3m portfolio comprising 29 loans, predominantly senior and mezzanine loans in the UK, France and Portugal
- Undrawn loan commitments of £119.8m as at 31 March 2021

Loan Breakdowns by Commitment

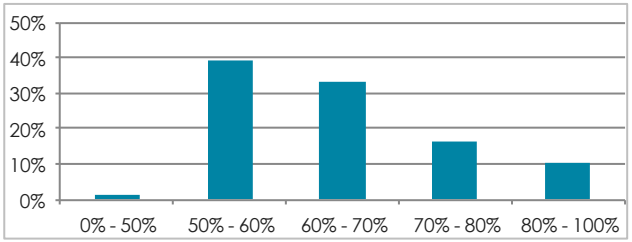
Asset Class Breakdown



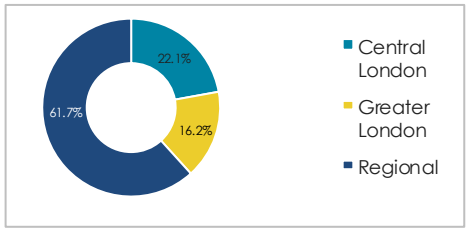
Geographical Breakdown



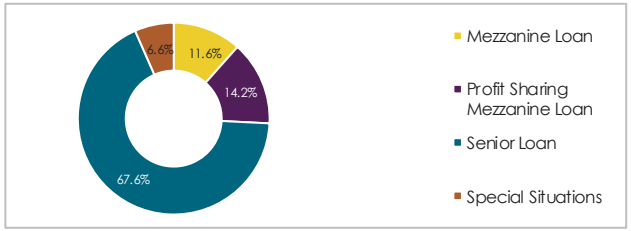
LTV[3]



UK Breakdown



Loan Type Breakdown



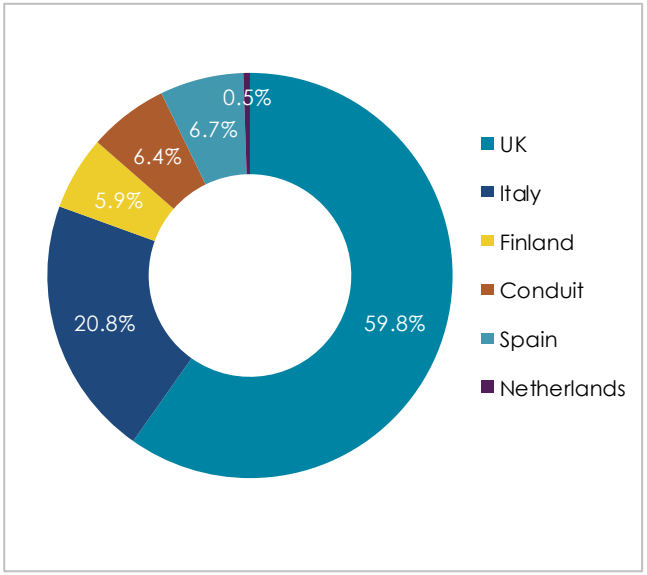
[1]Certain self originated bilateral loans are technically structured as bonds to enhance marketability
[2] Yield stated is the effective accounting yield based on the funded loan balances, which includes interest and fees. Some loans also benefit from equity upside participation, which is only recognised following evidenced delivery, and can result in significant incremental gains in excess of the effective accounting yield. The portfolio includes listed notes, of which some are leveraged.
[3]LTV by commitment (see slide 24 for definition)

Portfolio Composition – Public Market Bond Portfolio

32	£80.4m	51.5%	13.9%	3.0 yrs
Bonds	Fair Value	WA LTV	WA Yield [1]	WA Life

- RECI is also invested in listed real estate bonds (mainly CMBS).
- Bond investments are typically senior secured (1st lien) credits at conservative LTV collateralised by core and core+ assets and owned by large institutional sponsors.
- European CMBS bonds typically offer enhanced security and attractive value relative to the corporate bond markets and represent an attractive relative risk-adjusted return in their own right.
- RECI actively trades its bond book for relative value and also for the efficient management of liquidity in the Company overall. Through time, the bond book has contributed to RECI's NAV growth and yield management strategy.
- The bonds are valued on a mark to market ("MTM") basis, where independent 3rd party pricing is obtained based on observable market trading levels (bid/offer). Since the early MTM losses at the start of the crisis, the bond market has stabilised and there have been some positive MTM gains that have been reported in recent months.
- RECI has benefited significantly from previous dislocations in the CMBS market resulting from broader financial markets stress (2009, 2011, 2016), and is already seeing opportunities and, as in previous crises, Cheyne is well positioned to take advantage.

By Geography



1. Bond portfolio is only partially leveraged. The Company is not utilising its maximum capacity for leverage.

Position Analysis – Top 10 by Commitment as at 31 March 2021

	Description	Commitment	FV of Funded Amount	LTV Attach	LTV Detach	Investment Strategy	Loan Type	Manager Comment
1	Paris prime resi/retail building	£48.9m	£41.0m	0%	67%	Senior Loan	Core	Luxury retail and apartments in super-prime Paris location. Sponsor has received bids for the asset significantly above the balance of the loan (and above the purchase price) and is considering an early exit.
2	UK mixed use portfolio, predominantly office/residential	£38.0m	£21.3m	0%	58%	Senior Loan	Core+	Light industrial, office and mid-market residential asset portfolio in the UK. The de-risking of the loan has continued this quarter with further successful sales and quarterly amortisation.
3	Serviced apartment development in Lisbon	£34.6m	£8.5m	0%	53%	Senior Loan	Development	The project has been delayed due to COVID and archaeological requirements of the site, pushing out completion towards the end of 2022. The deal benefits from a large global private equity sponsorship.
4	Office development in Saint Ouen, Paris	£29.3m	£14.4m	0%	58%	Senior Loan	Development	Loan to support the acquisition, refurbishment and extension of a 11,500 sqm freehold office building. Closing and funding of the acquisition tranche took place in Nov-20. The building permit for refurbishment and extension of the Property was submitted in March-21 and is expected to be granted and cleared of third party recourse by end of Q3 2021, in line with the Sponsor's business plan.
5	London mixed use development, predominantly residential/office	£27.2m	£24.8m	0%	63%	Senior Loan	Development	Reached practical completion, partially pre-let. Due to COVID, the Borrower wasn't able to meet certain letting milestones and injected equity to prepay thereby de-risking the loan.
6	Cambridge Aparthotel	£25.4m	£17.5m	0%	65%	Senior Loan	Development	Construction remains on track. Large global PE operator.
7	UK Care Homes	£23.2m	£22.8m	0%	73%	Senior Loan	Core	Stable, income producing UK care homes
8	London Office	£22.8m	£22.3m	0%	59%	Senior Loan	Core	Fully let 98,246 sq ft new grade A office block located in Hoxton
9	UK Student Housing	£22.4m	£22.4m	55%	78%	Mezzanine Loan	Core	Two well performing purpose built student housing assets. The confirmed occupancy rate for the upcoming academic year is materially more than sufficient to continue keeping the loan paid current in full
10	Hotel/Branded Residences Development in Algarve, Portugal	£18.5m	£0.4m	0%	56%	Senior Loan	Development	Development in progress. Expected completion in June 2022

Recent Deals

Deal Description	Office
Instrument	Senior Loan
Total RECI Commitment	£22.8m
Location	London, UK
Collateral	Fully let 98,246 sq ft new grade A office block located in Hoxton
Project Type	Core
LTV	59%

Deal Description	Co-Living
Instrument	Senior Loan
Total RECI Commitment	£13.3m
Location	London, UK
Collateral	310 unit co-living scheme with communal amenity space
Project Type	Development
LTV	54%

Deal Description	Purpose Built Student Accommodation ("PBSA")
Instrument	Senior Loan
Total RECI Commitment	£7.5m
Location	Seville, Spain
Collateral	347 bed / 282 room PBSA located in Seville
Project Type	Development
LTV	65%

Recent Deals

Deal Description	Hotel
Instrument	Senior Loan
Total RECI Commitment	£18.5m
Location	Algarve, Portugal
Collateral	Hotel and golf club house
Project Type	Development
LTV	56%

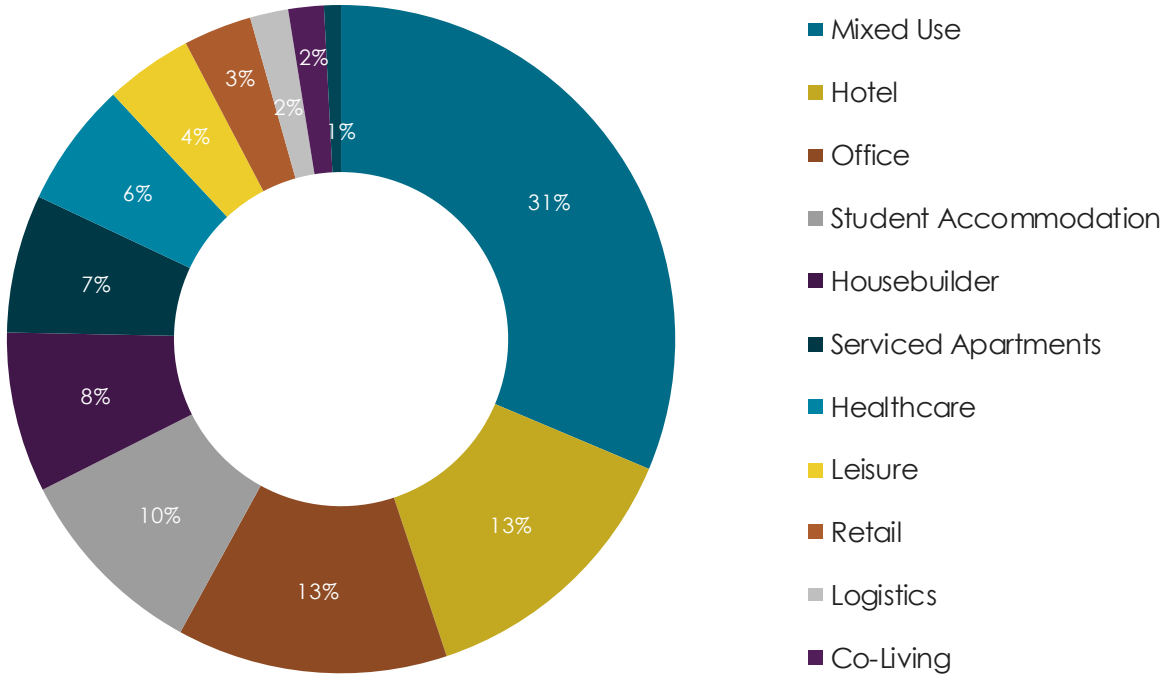
Deal Description	Co-Living
Instrument	Mezzanine Loan
Total RECI Commitment	£6.5m
Location	London, UK
Collateral	340 unit co-living scheme
Project Type	Value Add/Transitional
LTV	73%

Deal Description	Office
Instrument	Senior Loan
Total RECI Commitment	£29.3m
Location	Paris, France
Collateral	A 11,500 sqm freehold office building
Project Type	Development
LTV	58%

Portfolio Analysis

COVID-19: Sectoral Analysis Overview

The COVID-19 pandemic caused an immediate impact on the operational performance of every segment of the real estate sector, but became pronounced on certain exposed sectors, namely hospitality and retail. Longer term shifts have also now started to become evident in other sectors such as offices and logistics.



The following pages provide a detailed narrative on the Company's exposures by sector.

COVID-19: Sectoral Analysis

Mixed-Use (31% of GAV*)

The majority of RECI's exposure to mixed-use assets is to value-add and development loans where the sources of value are typically from the delivery of residential units alongside office assets.

Main Positions

1. A senior loan (52% LTV) to a large established UK operator, representing 5.4% (previously 8.5%) of GAV secured by an income producing well-diversified and relatively liquid portfolio comprising 17 assets across the UK (81% in affordable residential, office and development, 19% in light industrial and retail). A number of assets in the portfolio have already been sold and more are being marketed and we expect to see further de-risking to continue. RECI received in **a substantial partial repayment since the last update.**
2. A senior whole loan (67% LTV), representing 10.5% of GAV, secured by an income producing prestigious freehold luxury retail and residential building located in the 8th arrondissement of Paris, at the heart of the Golden Triangle. The loan benefits from significant headroom to current market rents and a widening of cap rates from current levels. **This location remains the top retail destination in Paris with rental values and investment yields holding to strong levels.**
3. A senior loan (63% LTV) to a large private equity sponsor, representing 6.3% of GAV, secured by the development of a residential apartment block (for rent) and an office building in Wembley Park, London, as part of the larger ongoing regeneration project in the area carried out by the sponsor. Both buildings have successfully reached practical completion.

*GAV relates to investment portfolio and excludes cash

COVID-19: Sectoral Analysis

Hospitality (Hotels)

This asset class is facing a long period of severely curtailed occupancy levels. The end to local lockdowns is likely to be followed by a slow resumption of international travel, leaving the sector facing weak demand for a prolonged period of time.

RECI's exposure to these sectors represents 13% of its investment portfolio and is characterised by low LTV positions (WA LTV of 57%) and exposures to large well capitalised experienced operators with significant equity exposure. The largest exposure benefits from a superior security package which includes a long term rental guarantee from the tenant (a listed hotel company). Whilst there will need to be a period of debt covenant waivers and extensions on these exposures, we do expect these positions to realise in a full recovery of principal and interest and also for the maintenance of cash pay interest through this period.

Hotel (13% of GAV)

Main positions

1. Mezzanine loan (50% - 75% LTV) to a private equity borrower, representing 4.1% of GAV, backed by a portfolio of well located and established core income London hotels that have the additional benefit of a FRI lease. The lease income (rent) is guaranteed for a long term by a well capitalised operator. **The loan was restructured in 2020 and saw the borrower invest a significant amount of new capital into the transaction de-risking the loan.**
2. A mezzanine loan (37% - 52% LTV) to a private equity borrower, representing 2.3% of GAV, backed by a portfolio of 5 core income producing 4-star and 5-star hotels in Paris and 1 in Nice. The hotels are centrally located in Prime locations. The sale of one asset (in May 2020) was achieved for substantially above the allocated loan amount and above the pre-COVID valuation, resulting in a further de-levering of the loan and providing for sufficient liquidity to meet lender interest and operating costs.
3. A mezzanine loan (30%-51% LTV) to a large conglomerate, representing 0.8% of GAV, backed by a collection of high-end luxury leisure hotels in France. The hotels have performed above budget in the winter season producing sufficient income for continued cover of the loan coupon.

COVID-19: Sectoral Analysis

Student Accommodation (10% of GAV)

Letting performance has been strong in regards to RECI's Student housing positions, with very close to 100% occupancy achieved. Letting data shows that whilst overseas student leases were significantly down on 2019/20 academic year, lettings to UK students were strong, resulting in stronger financial performance than was anticipated at the last update. While still early in the process, 2020/21 bookings are looking positive so far.

Main position

1. A mezzanine loan (55% - 78% LTV) to a large student housing operator in the UK representing 5.8% of GAV. The loan is secured by income producing core assets well located in two university towns (one of which is a Russel Group university). The occupancy levels for 2019 have been >95%, the current occupancy levels are at similar levels to 2019 which is encouraging. **During the period since last reporting, the 2 student assets have been sold to a global PE investor during which we agreed to keep our debt in place at largely similar terms. We have also updated the valuation during the period with the LTV remaining at previously stated levels which underscores the resilience of the student sector.**

COVID-19: Sectoral Analysis

Housebuilders (8% of GAV)

The company's exposure to UK housebuilders are secured by both the assets and operations of the builder. Exposure is to the mid-market (and affordable) sector with average selling prices below £600,000 per home.

Main Positions

1. A mezzanine loan (30% - 75% LTV) to an established SME housebuilder representing 4.6% of GAV. The builder has performed well in terms of operations, land bank under control and sales. The average house price is in the region of £250,000. Given the stable operations, margins and large land bank, we expect this position to be repaid in full through home sales proceeds or a sale of the company.
2. A mezzanine loan to an established SME housebuilder representing 2.4% of GAV. This loan was made prior to BREXIT and did suffer from the combination of a slow house market and falling valuations post that event. Whilst the builder has performed well in the period since (operations, margins and sales have all posted significant improvements), the high LTV going into the present crisis, combined with the lack of land under control gave us cause to revalue the assets and operations as at 31 March 2020, resulting in a negative fair value revision of 5.5p to the Company. **As an update, the pace of sales and prices achieved continue to surpass our initial expectations at the onset of this crisis. This is driven by the increase in demand for homes with green spaces in attractive commuter towns and villages. As at 31 March 2021, the latest business plan shows a slight improvement in the expected recovery of this position. This resulted in a 1.0p reversal of the negative fair value revision.**

Leverage Review

Balance Sheet / Company Recourse Leverage

RECI's current gross leverage is just 23% of NAV (against a maximum permitted leverage of 40%). RECI currently utilises its recourse leverage with flexible repurchase agreements (REPO) on its liquid bonds. RECI has maintained its financing relationships throughout 2020 and 2021. Financing rates rose in the months following the initial COVID impact. While rates remain higher than pre-COVID, there has been some decrease in recent months. WA cost of this financing was 2.3% as at 31 March 2021.

Structured Asset Level Funding (Non-Recourse Leverage)

RECI can also benefit from optimising the returns on its senior loans by utilising the structured funding relationships Cheyne has with a number of lenders. The Company may choose to enhance the returns via asset level, term matched funding, which has no recourse to the Company and retains the risk profile and governance benefits of a senior loan for the Company. The Company is in advanced discussions on term financing of several senior loan positions, and expects these to complete in the coming months.

Financing Summary

We believe that the long-term strategy for the Company should be a mix of structured term funding on its senior loan book and REPO financing on its liquid bond book, thereby maintaining a conservative level of recourse leverage supported by strong assets and liquid instruments.

The Company will continue to maintain a prudent overall leverage position.

	Balance Sheet/Company Leverage[1]	Cash	Net Effective leverage	Asset Level Structured Funding
£ Amount	£78.3m	£22.8m	£55.5m	£0.00m
% of NAV	22.6%	6.6%	16.0% (1.16x)	0.0%
W/A cost of finance	2.3%	-	-	0.0%

1. Per the Prospectus, RECI has a limit on balance sheet leverage of 40% of NAV.
2. Other forms of funding of RECI's senior loan investments are not recourse lending.

Continuing to deliver an attractive and stable dividend

RECI's dividend policy: it is the intention of the Company to pay a stable quarterly dividend. Since 2013, this has remained at **a fairly constant yield of 7% on the Company's NAV**

- The Company announced its third interim dividend of 3p in February, and has already paid three 3p dividends in respect of the financial year ended 31 March 2021
- An annual dividend of 12 pence represents a dividend yield of 8.8% on share price as at 31 March 2021
- The Company has an overarching aim of paying out its total returns in dividends to investors and to provide dividend sustainability

Dividend sustainability will derive from **income coverage** and **cash coverage**

- To maintain and improve the Company's **income coverage**, the Company will gradually deploy cash into the investment pipeline it is tracking in both opportunistic bond purchases and senior loans with attractive return profiles. The Company maintains a prudent overall net leverage position
- Our granular cash forecasting and stress scenarios give us the confidence that the Company can maintain its dividend **cash coverage**

RECI: Summary

RECI is well positioned to navigate through this crisis and deliver on its overarching objective to provide ordinary shareholders with attractive and stable returns, primarily in the form of quarterly dividends.

- Focused on senior secured credit, with defensive LTVs
- Strong governance control over its loan book
- Large, experienced, well capitalised borrowers
- Conservative and flexible leverage profile
- Dividend stability and coverage without compromising risk
- Management from Cheyne Capital's Real Estate team

Definitions

- **Asset types:**
  - **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 its income profile and term
  - **Value add / transitional** – assets that require asset management (typically refurbishment) and re-letting to secure a core income profile
  - **Development: Groundworks/Super-Structure** – assets that are to be built from the ground up and are in the ground-works stage or building the super-structure has commenced. These typically already benefit from the requisite consent to develop.
  - **Development: Fit-Out** - assets that have either been built from the ground up and have reached the completion of the super-structure ("topped out"), or assets which are in need of substantial refurbishment works. These typically already benefit from the requisite consent to develop.
  - **Development: De-Risked** – development assets which benefit from being substantially pre-sold or pre-let.
  - **Real Estate Op-Co/Prop-Co Loan** – loan secured by both the operating company as well as all of the company's real assets.
- **LTV (Loan to Value):** The outstanding balance on a loan divided by the current value of an asset. In the case of mezzanine loans, the LTV will represent the highest leverage exposure of the loan.
- **LTGDV (Loan to Gross Development Value):** The expected loan balance at the conclusion of a development or value-add project (which will include all amounts advanced towards the development loan facility as well as accrued interest, divided by the expected value of the asset once the project is complete
- **LTC (Loan to Cost):** Reflects the loan to the total cash capitalisation of the project
- **Fair Value:** The current carrying value of an investment on RECI's books as recognised under IFRS
- **Nominal Face Value:** The nominal face value of a bond is the par amount due on that bond
- **FVTPL:** fair value through profit and loss. This represents the net gains or losses recorded on a loan or bond investment in the period which are other than interest income. These may be from trading gains and losses on bonds, fee income or recognition of gains from profit participating loans.
- **Yield to Worst**: WA Yield to Worst is based on the current unlevered yield on the bonds - using prices as at 31 March 2021 and assuming that the bonds are extended beyond their scheduled maturity date. The worst case extension dates are based on Cheyne's assumptions of the maximum extensions that will be granted to borrowers by the servicers in the current environment. Pricing assumptions and actual returns may differ materially from those expressed or implied herein.

Important Information

This document, which has been issued by Cheyne Capital Management (UK) LLP ("CCM"), comprises the written materials/slides for a presentation concerning Real Estate Credit Investments Limited (the "Company"). This presentation does not constitute or form part of any offer or invitation to sell or issue, or any solicitation of any offer to purchase or subscribe for, any shares in the Company or securities in any other entity nor shall it or any part of it nor the fact of its distribution form the basis of, or be relied on in connection with, any contract or investment decision in relation thereto.

This document contains forward-looking statements that involve substantial risks and uncertainties and actual results and developments may differ materially from those expressed or implied by these statements or a variety of factors. Past performance is no guide to performance in the future, the value of investments can go down as well as up. No reliance may be placed for any purposes whatsoever on the information contained in this document or on its completeness. No representation or warranty, express or implied, is given by or on behalf of the Company, CCM or any of such persons' directors, officers or employees or any other person as to (a) the accuracy or completeness of the information or (b) the opinions contained in this document and no liability is accepted for any such information or opinions.

The information and any opinions contained in this document are provided as at the date of this presentation and are subject to updating, revision, verification, and amendment and such information may change without notice.

This communication is directed only at (i) persons outside the United Kingdom to whom it is lawful to communicate to, or (ii) persons having professional experience in matters relating to investments who fall within the definition of "investment professionals" in Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (as amended), or (iii) high net worth companies, unincorporated associations and partnerships and trustees of high value trusts as described in Article 49(2) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (as amended) provided that in the case of persons falling into categories (ii) or (iii), the communication is only directed at persons who are also "qualified investors" as defined in section 86 of the Financial Services and Markets Act 2000 (each a "Relevant Person"). Any investment or investment activity to which this communication relates is available only to and will be engaged in only with such Relevant Persons. Persons within the United Kingdom who receive this communication (other than persons falling within (ii) and (iii) above) should not rely on or act upon this communication. You represent and agree that you are a Relevant Person.

Notwithstanding the otherwise confidential nature of this document and its contents, the Company and each recipient (and each of their employees, representatives or other agents) may disclose to any and all persons, without limitation of any kind, the US federal income tax treatment and tax structure of the transaction and all materials of any kind (including opinions or other tax analyses) relating to such tax treatment and tax structure. This authorization to disclose the tax treatment and tax structure does not permit disclosure of information identifying the Company or this particular offering.

You are not our client or customer and we do not owe you any contractual or fiduciary responsibilities and you are not relying on CCM or any of its affiliates for information, advice or recommendations of any sort. Nothing in this document should be construed as a recommendation to invest in any securities or funds, or as legal, accounting or tax advice. This document is being issued inside and outside the United Kingdom by CCM only to and/or is directed only at persons who are professional clients or eligible counterparties for the purposes of the Financial Conduct Authority's ("FCA") Conduct of Business Sourcebook. This document must not be relied or acted upon by any other persons. CCM neither provides investment advice to, nor receives and transmits orders from, investors in RECI nor does it carry on any other activities with or for such investors that constitute "MiFID or equivalent third country business" for the purposes of the FCA Rules.

Neither this document nor any copy of it may be taken or transmitted into the United States of America, its territories or possessions, or distributed, directly or indirectly, in the United States of America, its territories or possessions, or to any US person (as defined in Rule 902 of Regulation S under the US Securities Act of 1933 (the "Securities Act")). This document does not constitute an offer to sell or the solicitation of an offer to buy the securities discussed herein. Neither this document nor any copy of it may be taken or transmitted into Australia, Canada or Japan or to Canadian persons or to any securities analyst or other person in any of those jurisdictions. Any failure to comply with these restrictions may constitute a violation of United States, Australian, Canadian or Japanese securities law. The distribution of this document in other jurisdictions may be restricted by law and persons into whose possession this document comes should inform themselves about, and observe, any such restrictions. The securities referred to herein have not been and will not be registered under the applicable securities laws of Canada, Australia or Japan and, subject to certain exceptions, may not be offered or sold within Canada, Australia or Japan or to any national, resident or citizen of Canada, Australia or Japan. The securities mentioned herein have not been, and will not be, registered under the Securities Act, and may not be offered or sold in the United States, or to, or for the account or benefit of, US persons (as such term is defined in Regulation S under the Securities Act) unless they are registered under the Securities Act or pursuant to an exemption from registration. No public offer of the Shares is being made in the United States. In addition, the Company has not been and will not be registered under the US Investment Company Act of 1940 and investors will not be entitled to the benefits of that Act.

Cheyne Capital Management (UK) LLP is a limited liability partnership registered in England (Registered no. OC321484)
Registered Office: Stornoway House, 13 Cleveland Row London SW1A 1DH
Authorised and Regulated by The Financial Conduct Authority