ICG-Longbow Senior Secured UK Property Debt Investments Limited

Interim Report and Unaudited Condensed Consolidated Interim Financial Statements

For the period from 29 November 2012 (date of incorporation) to 31 July 2013

Company Number: 55917

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Corporate Summary

Investment Objective

The investment objective of ICG-Longbow Senior Secured UK Property Debt Investments Limited (the "Company") is to construct a portfolio of good quality, defensive, senior debt investments secured by first ranking fixed charges predominately against UK commercial property investments, providing target dividends of circa 6% per annum.

Structure

The Company is a non-cellular company limited by shares incorporated in Guernsey on 29 November 2012 under the Companies (Guernsey) Law, 2008, (as amended). The Company's registration number is 55917, and has been authorised by the Guernsey Financial Services Commission as a registered closed-ended collective investment scheme. The Company's ordinary shares were admitted to the premium segment of the UK Listing Authority's Official List and to trading on the Main Market of the London Stock Exchange as part of its initial public offering which completed on 5 February 2013. The issued capital during the period comprises the Company's ordinary shares denominated in Sterling.

Investment Manager

The Investment Manager during the period was Longbow Real Estate Capital LLP, which trades as ICG-Longbow, and is authorised and regulated by the Financial Conduct Authority.

General Information

Board of Directors
Jack Perry (Chairman) *(Appointed 30 November 2012)*
Stuart Beevor *(Appointed 30 November 2012)*
Patrick Firth *(Appointed 29 November 2012)*
Mark Huntley *(Appointed 29 November 2012)*
Paul Meader *(Appointed 30 November 2012)*

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Investment Manager
Longbow Real Estate Capital LLP
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Broker, Sponsor and Placing Agent
Investec Bank plc
2 Gresham Street
London EC2V 7QP

Guernsey Administrator and Company Secretary
Heritage International Fund Managers Limited
Heritage Hall
PO Box 225
Le Marchant Street
St. Peter Port
Guernsey GY1 4HY

English Solicitors to the Company
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Independent Auditor
Deloitte LLP
Chartered Accountants
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Guernsey GY2 4LH

Highlights

Highlights

The Company completed an Initial Public Offering ("IPO") on 5 February 2013 issuing 104,619,250 ordinary shares of £1.00 each, and was admitted to the UK Listing Authority's Official List and commenced trading on the Main Market of the London Stock Exchange.

The Company completed two investments in the period deploying £32.3 million of capital, with a further £5.8 million conditionally committed.

The loss for the eight months (0.26 pence per share) is in line with expectations and reflects the investment rate during the investment period of the Company.

The Net Asset Value (NAV) at 31 July 2013 was 97.74 pence per share (98.00 pence per share following the IPO).

Dividend

It is the Company's policy to pay dividends from surplus operating cashflows (being net interest income and amortised entry and exit fees) subject to there being profits generated in the period and as such no dividend has been declared in respect of the current period. The Company will roll forward the investment cashflows generated in the period ending 31 July 2013 into the next quarter.

The Company expects to increase its dividend on a quarterly basis in line with the investment of cash into senior secured loans. As a result of recent increased investment velocity, the Company expects to commence dividend payments from the quarter ending 31 October 2013 and remains confident that it will achieve its objective of paying a dividend of circa 6% per annum with effect from the quarter ending 31 January 2014.

Subsequent events

One further investment has been completed since the period end bringing the total investment to £50.3 million representing 49.1% of the capital raised.

Chairman's Statement

I am delighted to present, on behalf of the Board, the first Interim Report for ICG-Longbow Senior Secured UK Property Debt Investments Limited (the "Company") for the period from 29 November 2012 (the date of incorporation) to 31 July 2013.

The Company completed its IPO on 5 February 2013 issuing a total of 104,619,250 ordinary shares of £1.00 each and was admitted to the premium segment of the UK Listing Authority's Official List and began trading on the Main Market of the London Stock Exchange.

Since the IPO it has been evident that the market has become more competitive with some traditional lenders returning, albeit cautiously, to the market. Accordingly the Company's initial investment velocity has been a little slower than originally anticipated. In these circumstances, therefore, the Board has been satisfied with the steady progress made by the Company in deploying capital, having completed its first two investments during the period which together represent 31.5% of the Company's available capital. Since 31 July 2013, the Company has completed one further investment deploying £18.07 million of capital, and is now on track to complete its investment programme by the end of 2013.

The Company is advised by Longbow Real Estate Capital LLP ("ICG-Longbow") who have originated a substantial pipeline of investment opportunities for the Company. In addition to the three investments completed to date, ICG-Longbow is now undertaking advanced due diligence on five further transactions which, if completed, would fully invest the Company's capital and if all complete would result in a weighted average gross yield of 7.4%, in line with the targets set at the time of the IPO.

Upon completion of the investment period, the Company aims to provide its Shareholders with a regular quarterly dividend with a target annual dividend yield of approximately 6% from a portfolio of investments of loans secured primarily on commercial real estate in the UK. Based on the current investments and the current pipeline, the Board anticipates that this dividend yield will be close to the target of 6% for the next four to five years. Whilst the rate of investment has been slightly slower than anticipated at the time of the IPO, we are particularly pleased with the overall quality of the investment opportunities identified by the Company's Investment Manager and believe the Company remains well placed to meet its overall investment objectives.

Prior to the completion of the investment period, the Company seeks to pay a dividend derived from the prevailing investments, and operating cashflow surpluses, subject to it generating profits in the period. As a result of the loss for the eight months to 31 July 2013, the Board believe it is prudent to roll forward the investment cashflows to the next period and consequently no dividend has been declared in respect of the period to 31 July 2013. Based on the investments completed to date, the Company expects to declare a dividend in respect of the period to 31 October 2013, and to increase dividends thereafter until the Company is fully invested. We remain confident, based on the current investment pipeline, that the Company will achieve its objective of paying an annual dividend of circa 6% per annum with effect from the period ending 31 January 2014.

We look forward to the next three months during which we expect the Company will become fully invested. The Board may give consideration to raising further capital in due course, based on the evolution of the deal pipeline and market opportunities at the time. The Board, together with the Investment Manager, will continue to provide regular updates in respect of new investments and quarterly reports in respect of the performance of the portfolio.

Jack Perry
Chairman

27 September 2013

Investment Manager's Report

Summary

The Company is advised by the Investment Manager, Longbow Real Estate Capital LLP ("ICG-Longbow"), and invests directly in newly originated bi-lateral loans which are secured by way of first and sole charge on primarily commercial property assets in the United Kingdom. Following its investment period, the Company targets an 8% gross portfolio internal rate of return ("IRR") to produce a dividend yield to shareholders of circa 6% per annum on the £1.00 issue price of the IPO shares.

As of 31 July 2013, the Company was 31.5% invested having completed two investments in the period and had made conditional commitments equivalent to a further 5.6% of its capital which remains undrawn. Since 31 July 2013 the Company has completed one further investment with aggregate nominal value of £18.07 million bringing its total advances to £50.3 million, with a further £5.8 million conditionally committed.

Whilst the initial investment velocity has been slower than expected, a substantial pipeline of potential investments has been built and the Investment Manager remains satisfied with the overall progress in investing the Company's capital and with the quality of those investments made and being negotiated. Based on its current pipeline which includes potential investments which are at final due diligence stage, where the Investment Manager has secured an exclusive position for the Company, the Investment Manager expects the Company to be fully invested by the end of 2013.

Company Performance

The Company made a loss of 0.26 pence per share during its first eight months since incorporation, which is in line with expectations and reflects the time taken to conduct diligence and execute its first investments. The first investment (discussed below) was completed on 6 June 2013, since then the pace of execution has increased, with the Company being 31.5% invested at 31 July 2013, and 49.1% by the date of this report.

Income from the existing portfolio, taken together with the pipeline of investments currently in documentation or undergoing final due diligence, will enable the Company to deliver an annual dividend in line with the Company's objective.

Portfolio Composition

	Term	Sector	Region	Principal	Entry LTV
Loan 1	5.0 years	Student Housing	Scotland/Midlands	£18,070,000	54.7%
Loan 2	5.5 Years	Industrial	North West	£14,200,000	59.3%
Total/weighted Average	**5.2 years**			**£32,270,000**	**56.8%**

Due to the confidential nature of the underlying terms and the limited number of investments we are limited in the portfolio disclosure at this stage of the Company's investments; however the two loans are summarised below:

Loan 1 An £18.07 million senior loan secured on two student accommodation blocks located in Birmingham and Glasgow with aggregate valuation of £32 million at the date of advance.

Loan 2 A £20 million facility, of which £14.2 million has been drawn, to refinance a portfolio of five multi-let industrial and distribution warehouse units located in the North West of England. The Company's exposure represents 59% of the open market valuation of the properties at the date of the loan (£23.9 million). Further drawings under the facility are permissible at the Company's full discretion to fund the acquisition of further similar properties provided that overall loan covenants are maintained.

Investment Manager's Report
(continued)

Portfolio Statistics:

Number of Investments:	2
Aggregate Advances	£32,270,000
Held in Cash	£70,908,845
Weighted Average LTV	56.8%
Weighted Average Gross IRR	7.84%

Treasury Policy
During this investment period the Company has sought to limit the risk associated with holding cash by maintaining a high degree of liquidity, and maintaining a spread of deposits across at least three banking groups with group credit ratings of 'A' or better. The maximum term for deposits is one month, and with no more than 35% of NAV exposure to any one institution.

Related Party Transactions
Details of related party transactions during the period are included in note 14 of the Condensed Consolidated Interim Financial Statements.

Economy and Financial Markets
Since the Company completed its IPO in February 2013, the UK economy has shown unexpected resilience and a stronger than expected return to growth, with the Q2 GDP growth of 0.7%, following Q1 GDP growth of 0.4%. This has been driven by growth across the economy as a whole and supported by improving consumer and business sector confidence.

Mark Carney, the incoming Governor of the Bank of England, has followed up an upbeat departing statement by Mervyn King with his inaugural statement to confirm the Bank's expectation that rates will be held at their current level for up to 18 months as an economic stimulus and to bring UK unemployment below 7%. This announcement came shortly after the US Federal Reserve's Ben Bernanke forecast an end in Quantitative Easing ("QE") in 2014 as US unemployment came under control but in the face of scaled up market intervention through QE by the Bank of Japan.

These announcements and the positive economic statistics have served to underpin a renewed optimism in the UK economy with analysts moving forecasts to a growth bias. This outlook provides a positive backdrop for the Company and has increased investor confidence, driven by the expectation of sustained growth/recovery in the occupational property markets.

UK Commercial Property Market
ICG-Longbow has observed that market sentiment for the property sector has become progressively more positive since the date of the IPO, driven by the general positive economic backdrop and a spread over bond yields of in excess of 4% (JLL UK all property income yields v 10 year gilt yields). The IPD Monthly and Quarterly Indices reflect this sentiment, with capital values rising during Q2 2013 for the first time in two years. The IPD Quarterly Index showed capital values rose by 0.4% during the period, with the three main sectors all showing positive growth.

Investment transaction volumes also increased moderately during the quarter to £8.2 billion (source: Lambert Smith Hampton) but over half of these transactions related to central London, reflecting the weight of international money, which continues to drive prime central London equivalent yields down to 3.5% for retail and 3.75% for West End offices (Source: Cushman Wakefield).

Whilst the London/Regional market polarisation reported in the Interim Management Statement continues, the limited transactional evidence available supports the views of ICG-Longbow's clients that optimism is returning to the regional property investment market. In particular, we have seen renewed buying interest from UK institutions for well-located regional properties. However, even though openly marketed properties often receive multiple bids, the fall out rate remains relatively high with properties often being offered back to the under-bidder.

Investment Manager's Report
(continued)

The Prime/Secondary polarisation within the UK commercial property market is also continuing, with the JLL UK Property Index reporting an overall increase in capital values in the three months to June 2013 of 0.3%, made up of an increase in Prime capital values of 0.8% and a fall in Secondary values of 1.1%.

UK Commercial Property Debt Market

The latest data issued by De Montfort University estimates that the total debt outstanding against the UK Commercial Property market stood at £268 billion at the end of 2012. This indicates that banks have now started to reduce their positions but, set against the peak of the market total of £300 billion, the 2012 year end figure represents only a 10% decline over five years.

On a forward looking basis, 49% of the total balance outstanding is due to mature by the end of 2015 (source: De Montfort University). Against this, ICG-Longbow estimates that 43% of the existing holders of historic debt, comprising the non-core divisions of UK banks, the CMBS market or banks in liquidation (including the previously active Irish banking sector), will not be able to play a part in the refinancing of the maturing debt. Consequently, there remains a significant imbalance in the demand and supply of capital to the sector.

Whilst the number of new entrants to the debt markets, or at least those reporting an intention to enter the market or raise capital, continues to grow, the majority are focusing on prime assets or the strongest borrowers, compounding the impact of the weight of equity on the underlying prime property prices. We are seeing that this dynamic has resulted in a cheaper cost of finance to those borrowers who already had access to capital, rather than a general increase in the availability of debt. There are however early signs of interest in the market by smaller banks (Metro, Close, and Handlesbank) beginning to lend at conservative levels, and in sizes of typically less than £10 million, in the regions where they are locally represented.

The UK clearing banks, however, remain under capital pressure and all have recently announced continuing plans to reduce their balance sheet, or as in the case of Barclays, raise new capital in order to maintain their current lending levels. As a consequence, we expect the pace of realisations of such banks' legacy positions to increase over the next 12 months, whether through direct property asset sales, loan sales or discounted repayments to incumbent borrowers.

Investment Activity

In the period to the date of this report, ICG-Longbow has reviewed over £500 million of potential senior loan transactions, from which the Investment Manager has created a short-list of target investments which meet the Investment Objective.

As reported under Portfolio Composition, above, the Company, through its subsidiary, completed its first two transactions within the period to 31 July 2013: the £18.07m loan to subsidiaries of a student accommodation fund and the £14.20m loan supporting the refinance of a multi-let portfolio of industrial and distribution units. Both loans are fully compliant with the parameters set out in the Prospectus. The Company had invested £32.3 million and was 31.5% invested as at the period end.

Following the period end, a further transaction has been completed: a £18.07 million loan to support the acquisition of a highly prominent retail warehouse park located in London. This investment brought the Company's aggregate portfolio to £50.3 million or 49.1% of available capital with a weighted coupon of 7.18%, with a further £5.8 million being conditionally committed but undrawn.

Within the Investment Manager's pipeline, at the date of this report, there were five further potential transactions, each fitting the investment parameters of the Company with aggregate potential advances of £52 million. Such pipeline transactions are at different stages in the investment process; three are in closing stages and a further one has terms agreed. A secondary pipeline at an earlier stage of due diligence includes 3 transactions which would fit the Company's investment strategy.

Investment Manager's Report
(continued)

Investment Team

Trevor Homes joined ICG-Longbow, as a Partner, on 17 June 2013, and brings with him over 30 years' experience in property lending, most recently at Unicredit and Deutsche Bank. Following the resignation of Graham Emmett, one of the four individuals at the Investment Manager identified in the Prospectus as having responsibility for delivering the investment strategy of the Company, Mr Homes has taken lead responsibility for originating investment opportunities for the Company and has sourced a significant number of deals to the pipeline, as reported above.

The Investment Strategy of the Company continues to be supported by the broader Investment Team of ICG-Longbow, which has recruited two additional Associates and a Portfolio Manager since the date of the IPO.

Investment Outlook

It is recognised that the initial pace of completing investments by the Company has been slower than expected and also that competitive pressures in the senior loan market in the UK have increased. However, over the second quarter of 2013, we have seen a general increase in borrower activity in response to the new flow of transactions, accompanied by a greater sense of urgency amongst property investors to complete deals. This increase in activity is a function of the market beginning to factor in capital growth in the regions and competition from institutional investors as their appetite spreads beyond prime and London properties.

Notwithstanding the slower than expected investment velocity and the increased competitive pressures, ICG-Longbow believes that the Company is currently well positioned to benefit from the pick-up in the rate of disposals coming from the banks, which are substantially outside of London and which offer a strong relative risk/reward in terms of underlying property price, leverage against that price and available returns.

The improved consumer and investor confidence in the UK economy and continuing low interest rate environment provides a positive backdrop for the Company, improving prospects for property rental growth and capital appreciation, thereby increasing both capital and income protection during the life of its investments.

As at 31 July 2013, the Company had invested 31.5% of available capital and ICG-Longbow's pipeline of potential senior secured loan transactions was in a strong position with positive momentum on a significant proportion of the underlying transactions.

This increased flow of transactions and urgency to complete deals shown by borrowers has contributed to the Company having been able to complete on its third transaction, as at today's date bringing total capital invested to 49.1% of available capital.

Based on the prevailing market conditions and the current advanced pipeline, ICG-Longbow remains confident that the Company will be substantially invested within 9 months from listing. Based on the investments completed to date and the current pipeline, ICG-Longbow expects that the Company's Investment Objective: "…to construct a portfolio of good quality, defensive, senior debt investments secured by first ranking fixed charges predominantly against UK commercial property investments, providing target dividends of circa 6% pa, paid quarterly, with an underlying target portfolio IRR of 8% pa…" will be met.

Longbow Real Estate Capital LLP

27 September 2013

Statement of Principal Risks for the Remaining Six Months of the period to 31 January 2014

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

Principal risks relating to the Company

The Company only invests in senior loans secured predominantly on UK commercial real estate. There is a risk that such loans may become non-performing. Non receipt of interest from such loans will reduce the Company's ability to pay a dividend until such time as the arrears of interest can be collected.

Borrowers under the loans in which the Company invests may not fulfill their payment obligations in full, or at all, and/or may cause, or fail to rectify, other events of default under the loans. Any such failure may impact the Company's ability to pay a dividend and may cause the Company to seek to recover the outstanding principal amount of the relevant loan, which could prolong the period for which the Company's ability to pay a dividend is reduced and adversely impact the value of the Portfolio and, consequently, the Shares.

In the event of a default under a loan, the outstanding amount of the Company's investment in a loan may exceed the value of recovery possible under the collateral or security arrangements that support the loan. Any capital loss in such circumstances may reduce the Net Asset Value and, consequently, the value of the Shares.

The Company's assets are secured primarily on UK commercial real estate. The Company's investments are indirectly exposed to the performance of the underlying real estate market, which could impact the ability to refinance or realisable value of the security in the case of a defaulting loan.

The Company's performance is dependent on the Investment Manager and, in particular, on the Senior Investment Team. The Investment Manager will select all of the investments recommended to the Company and be responsible for selecting investments which are structured to deliver the target levels of income via payments of dividends and maintenance of its Net Asset Value through the realisation of investments.

There may be adverse changes in the tax position of the Company which could reduce its income and therefore its ability to pay dividends.

There may be adverse changes in the regulatory position of the Company which could increase costs and/or limit the Company's ability to pursue its investment strategy.

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.

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 shares may trade at a discount to NAV per share and shareholders may be unable to realise their investments through the secondary market at NAV per share.

Local laws or regulations may mean that the status of the Company or the ordinary shares is uncertain or subject to change, which could adversely affect investor's ability to hold ordinary shares.

Principal risks relating to the investment strategy and investment portfolio

The Company is exposed to the commercial real estate market and if that market enters a downturn it could materially adversely affect the Company's business and financial condition.

Statement of Principal Risks for the Remaining Six Months of the period to 31 January 2014 (continued)

Commercial mortgage loans are subject to the ability of the property owner to generate net income from operating the property/ies as well as the risk of delinquency and financial difficulty of the tenants. A major occupier or tenant of a property financed by the Company could default and /or seek to renegotiate terms during the course of a tenancy, which would lower the value of that property and may impact on the income to service the related loans provided by the Company.

The pace of investment may be slower than expected, resulting in a lower rate of return on the ordinary shares.

Real estate valuation is inherently subjective and uncertain. In addition, the value of underlying real estate and the rental income it produces may fluctuate as a result of factors which are outside the Company's control.

The Company's investments are illiquid and may be difficult or impossible to realise for cash at any particular time. The Company's investments may be concentrated and are subject to risk of default. In the event of a default of any loan assets of the Company entitling the Company to enforce security, the process may be expensive and lengthy.

The due diligence process that the Investment Manager undertakes in connection with the Company's investments may not reveal all facts, including material facts that may be relevant in connection with any investment.

Repayment of loans could be subject to the availability of refinancing options, including the availability of senior and subordinated debt and is also subject to the underlying real estate collateral at the date of maturity.

The Company faces competition in sourcing and making investments.

The financial markets are uncertain and have been the subject of governmental intervention.

Principal may be repaid earlier than anticipated, causing the return on certain investments to be less than expected.

Pending investment in accordance with the investment policy, the Company's assets will be subject to credit risk of the banks or other financial institutions with which they are deposited.

Principal risks relating to the Investment Manager

The Company is dependent on the expertise of the Investment Manager and their key personnel to evaluate investment opportunities and to implement the Company's investment strategy.

Past performance is no indication of future results.

Principal risks relating to regulation and taxation

Changes in the Group's tax status or tax treatment may adversely affect the Group and if the Company becomes subject to the UK offshore fund rules there may be adverse tax consequences for certain UK resident shareholders.

Failure by the Company to maintain its non-UK tax resident status may subject the Company to additional taxes which may materially adversely affect the Company's business, results of operations and the value of the ordinary shares.

The investment activity to be undertaken by the Company and its subsidiaries may expose the Company to the risk of regulation in Luxembourg and other jurisdictions. The AIFM Directive may prevent the marketing of the ordinary shares in the European Union, which would be likely to adversely affect liquidity in the ordinary shares and the ability of shareholders to realise their investment.

Directors' Statement of Responsibilities

The Directors are responsible for preparing the interim report in accordance with applicable law and regulations. The Directors confirm that to the best of their knowledge:

- the Unaudited Condensed Consolidated Interim Financial Statements have been prepared in accordance with IAS 34 "Interim Financial Reporting" as adopted by the European Union; and

- the Chairman's Statement, Investment Manager's Report and Statement of Principal Risks meet the requirements of an interim management report, and include a fair review of the information required by:

    a. DTR 4.2.7R of the Disclosure and Transparency Rules, being an indication of important events that have occurred during the period from incorporation on 29 November 2012 to 31 July 2013 and their impact on the Unaudited Condensed Consolidated Interim Financial Statements; and a description of the principal risks and uncertainties for the remaining six months of the financial period; and

    b. DTR 4.2.8R of the Disclosure and Transparency Rules, being related party transactions that have taken place from the date of incorporation on 29 November 2012 to 31 July 2013 and that have materially affected the financial position or performance of the Group during that period.

On behalf of the Board

Paul Meader
Director

27 September 2013

Independent Review Report To The Company

We have been engaged by the Company to review the Condensed Set of Financial Statements in the Interim Financial Report for the period from 29 November 2012 (date of incorporation) to 31 July 2013 which comprises the Condensed Consolidated Statement of Comprehensive Income, the Condensed Consolidated Statement of Financial Position, the Condensed Consolidated Statement of Changes in Equity, the Condensed Consolidated Statement of Cash Flows and related notes 1 to 15. We have read the other information contained in the Interim Financial Report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the Condensed Set of Financial Statements.

This report is made solely to the Company in accordance with International Standard on Review Engagements (UK and Ireland) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Auditing Practices Board. Our work has been undertaken so that we might state to the Company those matters we are required to state to them in an independent review report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company, for our review work, for this report, or for the conclusions we have formed.

Directors' Responsibilities

The Interim Financial Report is the responsibility of, and has been approved by, the Directors. The Directors are responsible for preparing the Interim Financial Report in accordance with the Disclosure and Transparency Rules of the United Kingdom's Financial Conduct Authority.

As disclosed in note 2, the Annual Report and Audited Financial Statements of the Group will be prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union. The Condensed Set of Financial Statements included in this Interim Financial Report has been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting" as adopted by the European Union.

Our Responsibility

Our responsibility is to express to the Company a conclusion on the Condensed Set of Financial Statements in the Interim Financial Report based on our review.

Scope Of Review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the Condensed Set of Financial Statements in the Interim Financial Report for the period from 29 November 2012 (date of incorporation) to 31 July 2013 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union and the Disclosure and Transparency Rules of the United Kingdom's Financial Conduct Authority.

Deloitte LLP
Chartered Accountants
St Peter Port, Guernsey

27 September 2013

Condensed Consolidated Statement of Comprehensive Income

For the period from incorporation on 29 November 2012 to 31 July 2013

	Notes	29 Nov 2012 to 31 July 2013 £ (Unaudited)
Income		
Income from loans advanced		233,150
Income from cash and cash equivalents		256,971
Total income		**490,121**
Expenses		
Investment management fees	4,14	493,444
Directors' remuneration	14	97,041
Administration fees	4,14	62,962
Broker fees		24,176
Audit Fees		29,924
Legal & Professional Fees		13,417
Other expenses		40,039
Total expenses		**761,003**
Loss for the period before tax		**(270,882)**
Current tax	2(g)	1,372
Loss for the period after tax		**(272,254)**
Total comprehensive loss for the period		**(272,254)**
Basic and diluted loss per Share (pence)	5	**(0.260)**

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

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

Condensed Consolidated Statement of Financial Position

As at 31 July 2013

	Notes	As at 31 July 2013 £ (Unaudited)
Assets:		
Loans advanced at amortised cost	6	31,645,362
Trade and other receivables	7	174,110
Cash and cash equivalents	8	70,908,845
Total assets		**102,728,317**
Liabilities		
Other payables and accrued expenses	9	473,705
Total liabilities		**473,705**
Net assets		**102,254,612**
Equity		
Share capital	11	102,526,866
Retained earnings		(272,254)
Total equity		**102,254,612**
Number of ordinary shares in issue at period end		104,619,250
Net asset value per ordinary share (pence)	5	**97.74**

The financial statements were approved by a committee of the Board of Directors on 27 September 2013 and signed on their behalf by:

Paul Meader
Director

Mark Huntley
Director

27 September 2013

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

Condensed Consolidated Statement of Changes in Equity

For the period from incorporation on 29 November 2012 to 31 July 2013

	Notes	Number of shares	Share capital £ (Unaudited)	Retained earnings £ (Unaudited)	Total Equity £ (Unaudited)
As at 29 November 2012		—	—	—	—
Shares issued	11	104,619,250	104,619,250	—	104,619,250
Share issue costs	11	—	(2,092,384)	—	(2,092,384)
Loss for the period		—	—	(272,254)	(272,254)
As at 31 July 2013		**104,619,250**	**102,526,866**	**(272,254)**	**102,254,612**

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

Condensed Consolidated Statement of Cash Flows

For the period from incorporation on 29 November 2012 to 31 July 2013

	Notes	29 Nov 2012 to 31 July 2013 £ (Unaudited)
Cash flows from operating activities		
Loss for the period		(272,254)
Adjustments for non-cash items:		
Interest receivables		(180,858)
Increase in other receivables		(14,014)
Increase in other payables and accrued expenses		473,705
		6,579
Loans advanced		(31,624,600)
Net cash used in operating activities		**(31,618,021)**
Cash flow from financing activities		
Proceeds from issue of shares	11	104,619,250
Issue costs paid	11	(2,092,384)
Net cash from financing activities		**102,526,866**
Net increase in cash and cash equivalents		70,908,845
Cash and cash equivalents at the start of the period		—
Cash and cash equivalents at the end of the period		**70,908,845**

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

Notes to the Condensed Consolidated Interim Financial Statements

For the period from incorporation on 29 November 2012 to 31 July 2013

1. General information

ICG-Longbow Senior Secured UK Property Debt Investments Limited is a non-cellular company limited by shares and was incorporated in Guernsey under the Companies (Guernsey) Law, 2008 (as amended) on 29 November 2012 with registered number 55917 as a closed-ended investment company.

On 31 January 2013, the Company announced the results of its IPO, which raised gross proceeds of £104,619,250. The Company's shares were admitted to trading on the Main Market of the London Stock Exchange on 5 February 2013.

The consolidated financial statements comprise the financial statements of the Company and its wholly owned subsidiary, ICG-Longbow Senior Debt S.A. ("Luxco") (together the "Group") as at 31 July 2013.

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

The assets of the Group are managed by Longbow Real Estate Capital LLP (the "Investment Manager") under the terms of the Investment Management Agreement.

2. Accounting policies

a) Basis of preparation

The first annual financial statements of the Group will be prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union. The Unaudited Condensed Consolidated Interim Financial Statements, included in this Interim Report, have been prepared in accordance with International Accounting Standard 34 'Interim Financial Reporting', as adopted by the European Union and the Disclosure and Transparency Rules of the Financial Conduct Authority.

Standards and Interpretations in issue and not yet effective:

New Standards		Effective date
IFRS 9	Financial Instruments – Classifications and Measurement (November 2009)	1 January 2015
IFRS 10	Consolidated Financial Statements	1 January 2013
IFRS 11	Joint Arrangements	1 January 2013
IFRS 12	Disclosure of Interests in Other Entities	1 January 2013
IFRS 13	Fair Value Measurement	1 January 2013

Revised and amended standards		
IFRS 7/9	Mandatory Effective Date and Transition Disclosure	1 January 2015
IAS 32	Amendments relating to the offsetting of assets and liabilities	1 January 2014
IFRS 7	Disclosures – Offsetting Financial Assets and Financial liabilities (amended)	1 January 2014

The Directors do not anticipate that the adoption of these standards and interpretations in future periods will have a significant impact on the consolidated financial statements of the Group.

The financial statements have been prepared under the historical cost convention and in accordance with the provisions of the Companies (Guernsey) Law, 2008.

Notes to the Condensed Consolidated Interim Financial Statements
(continued)

2. Accounting policies (continued)

b) Going concern

The Directors, at the time of approving the financial statements, have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future and do not consider there to be any threat to the going concern status of the Group. The Directors have considered the cash position, investment pipeline and performance of current investments made by the Group and have concluded that it is appropriate to adopt the going concern basis of accounting in preparing the financial statements.

c) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) made up to 31 January each year. Control is achieved where the Company has the power to govern the financial and operating policies of an investee entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by the group. All intra-group transactions, balances, income and expenses are eliminated on consolidation.

Non-controlling interests in subsidiaries are identified separately from the Group's equity therein. Those interests of non-controlling shareholders that are present ownership interests entitling their holders to a proportionate share of net assets upon liquidation may initially be measured at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets. The choice of measurement is made on an acquisition-by-acquisition basis. Other non-controlling interests are initially measured at fair value. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Group's interests in subsidiaries that do not result in a loss of control are accounted for as equity transactions. The carrying amount of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the Company.

When the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), less liabilities of the subsidiary and any non-controlling interests. Amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for (i.e. reclassified to profit or loss or transferred directly to retained earnings) in the same manner as would be required if the relevant assets or liabilities are disposed of. The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IAS 39 Financial Instruments: Recognition and Measurement or, when applicable, the costs on initial recognition of an investment in an associate or jointly controlled entity.

d) Functional and presentation currency

The financial statements are presented in Pounds sterling, which is the functional currency as well as the presentation currency as all the Group's investments and most transactions are denominated in Pounds sterling.

Notes to the Condensed Consolidated Interim Financial Statements
(continued)

2. Accounting policies (continued)

e) Interest Income

Interest income is recognised when it is probable that the economic benefits will flow to the Group and the amount of revenue can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

f) Operating expenses

Operating expenses are the Group's costs incurred in connection with the ongoing management of the Group's investments and administrative costs. Operating expenses are accounted for on an accruals basis.

g) Taxation

The Company is exempt from Guernsey taxation under the Income Tax (Exempt Bodies) (Guernsey) Ordinance 1989 for which it pays an annual fee of £600 which is included within other expenses. The Company is required to apply annually to obtain exempt status for the purposes of Guernsey Taxation. The Group is liable to Luxembourg tax arising on the results and capitalisation of its Luxembourg registered entities which is included in current tax for the period.

h) Dividends

Dividends paid during the period are disclosed in equity. Final dividends approved by the Board prior to the period-end are disclosed as a liability. Dividends proposed but not approved will be disclosed in the notes to the financial statements.

i) Segmental reporting

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

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

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

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

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

j) Financial instruments

Financial assets and financial liabilities are recognised in the Company's Condensed Consolidated Statement of Financial Position when the Company becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are only offset and the net amount reported in the Condensed Consolidated Statement of Financial Position and Condensed Consolidated Statement of Comprehensive Income when there is a currently enforceable legal right to offset the recognised amounts and the Company intends to settle on a net basis or realise the asset and liability simultaneously.

Notes to the Condensed Consolidated Interim Financial Statements
(continued)

2. Accounting policies (continued)

j) Financial instruments (continued)

Financial Assets

All financial assets are recognised and de-recognised on a trade date where the purchase or sale of a financial asset is under a contract whose terms require delivery of the financial asset within the timeframe established by the market concerned, and are initially measured at fair value, plus transaction costs, except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value.

Financial assets are classified into the following specified categories: financial assets 'at fair value through profit or loss' (FVTPL), 'held-to-maturity' investments, 'available-for-sale' (AFS) financial assets and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

The Company's financial assets currently comprise loans and receivables.

i) Loans and receivables

These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They comprise loans, trade and other receivables and cash and cash equivalents.

They are initially recognised at fair value plus transaction costs that are directly attributable to the acquisition, and subsequently carried at amortised cost using the effective interest rate method, less provision for impairment. The effect of discounting on these financial instruments is not considered to be material.

ii) Derecognition of financial assets

A financial asset (in whole or in part) is derecognised either:

- when the Company has transferred substantially all the risks and rewards of ownership; or
- when it has neither transferred nor retained substantially all the risks and rewards and when it no longer has control over the assets or a portion of the asset; or
- when the contractual right to receive cash flow has expired.

iii) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits and other short-term highly liquid investments with an original maturity of three months or less that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Notes to the Condensed Consolidated Interim Financial Statements
(continued)

2. Accounting policies (continued)

j) Financial instruments (continued)

Impairment of financial assets

Financial assets are assessed for indicators of impairment at each reporting date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

Objective evidence of impairment could include:

- significant financial difficulty of the borrower;
- default or delinquency in interest or principal payments;
- a substantial fall in the value of the underlying property security; or,
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Financial liabilities

The classification of financial liabilities at initial recognition depends on the purpose for which the financial liability was issued and its characteristics.

All financial liabilities are initially recognised at fair value net of transaction costs incurred. All purchases of financial liabilities are recorded on trade date, being the date on which the Company becomes party to the contractual requirements of the financial liability. Unless otherwise indicated the carrying amounts of the Company's financial liabilities approximate to their fair values.

The Company's financial liabilities consist of only financial liabilities measured at amortised cost.

i) Financial liabilities measured at amortised cost

These include trade payables and other short-term monetary liabilities, which are initially recognised at fair value and subsequently carried at amortised cost using the effective interest rate method.

ii) Derecognition of financial liabilities

A financial liability (in whole or in part) is derecognised when the Company has extinguished its contractual obligations, it expires or is cancelled. Any gain or loss on derecognition is taken to the Statement of Comprehensive Income.

Notes to the Condensed Consolidated Interim Financial Statements
(continued)

2. Accounting policies (continued)

k) Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised as the proceeds received, net of direct issue costs. Direct issue costs include those incurred in connection with the placing and admission which include fees payable under the Placing Agreement, legal costs and any other applicable expenses, excluding those borne directly under the terms of the Prospectus dated 31 January 2013.

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

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

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

Impairment is considered to be the most critical accounting judgement and estimate that the Directors make in the process of applying the Group's policies and which has the most significant effect on the amounts recognised in the financial statements (see note 6).

4. Material Agreements

Investment Management Agreement

The Company and the Investment Manager have entered into the Investment Management Agreement, dated 31 January 2013, pursuant to which the Investment Manager has been given overall responsibility for the non-discretionary management of the Company's (and any of the Company's subsidiaries) assets (including uninvested cash) in accordance with the Company's investment policies, restrictions and guidelines.

Under the terms of the Investment Management Agreement, the Investment Manager is entitled to a management fee at a rate equivalent to 1% per annum of the Net Asset Value paid quarterly in arrears based on the average Net Asset Value as at the last business day of each month in each relevant quarter.

Administration Agreement

Heritage International Fund Managers Limited (the "Administrator") has been appointed to provide day to day administration and company secretarial services to the Company, as set out in the Administration Agreement dated 31 January 2013.

Under the terms of the Administration Agreement, the Administrator is entitled to a fixed fee of £90,000 per annum for services such as administration, corporate secretarial services, corporate governance, regulatory compliance and stock exchange continuing obligations provided both to the Company and some limited administration services to LuxCo in conjunction with the Luxembourg Administrator. The Administrator will also be entitled to an accounting fee charged on a time spent basis with a minimum of £40,000 per annum which is capped at £80,000 for the first two years in relation to accounting services provided to the Company.

Notes to the Condensed Consolidated Interim Financial Statements
(continued)

4. Material Agreements (continued)

Registrar Agreement

Capita Registrars (Guernsey) Limited (the "Registrar") has been appointed to provide registration services to the Company and maintain the necessary books and records, as set out in the Registrar Agreement dated 31 January 2013.

Under the terms of the Registrar Agreement, the Registrar is entitled to an annual fee from the Company equal to £2 per Shareholder per annum or part thereof, subject to a minimum of £7,500 per annum. Other Registrar activities will be charged for in accordance with the Registrar's normal tariff as published from time to time.

5. Loss per share and net asset value per share

The calculation of basic earnings per ordinary share is based on the loss for the period of £272,254 and on the weighted number of ordinary shares in issue during the period of 104,619,250 ordinary shares.

The weighted average number of ordinary shares has been calculated from the completion date of the Initial Public Offering on 5 February 2013 to 31 July 2013, as the Company did not operate prior to that date and no profit or loss was generated in the period from incorporation on 29 November 2012 to 5 February 2013.

The calculation of net asset value per ordinary share is based on net asset value of £102,254,612 and the number of shares in issue at 31 July 2013 of 104,619,250 ordinary shares.

6. Loans advanced

The Group's accounting policy on the measurement of financial assets is discussed in Note 2(j).

	31 July 2013 Principal Advanced £	31 July 2013 At amortised cost £
Loan 1	18,070,000	17,720,226
Loan 2	14,200,000	13,925,136
	32,270,000	31,645,362

The Directors consider that the carrying value amounts of the loans, recorded at amortised cost in the financial statements, are approximately equal to their fair value. No element of the loans advanced is past due or impaired. For further information and the associated risks see the Investment Manager's Report, the Statement of Principal Risks and note 12.

Amortised cost is calculated using the effective interest rate method which takes into account all contractual terms (including arrangement and exit fees) that are an integral part of the loan agreement. As these fees are taken into account when determining initial net carrying value, their recognition in profit or loss is effectively spread over the life of the loan. The Group's accounting policy on the measurement of financial assets is discussed further in Note 2(j).

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

Whilst the loans are performing and the balance outstanding, in each case is at a substantial discount to the value of the underlying real estate on which they are secured, the Directors do not consider the loans to be impaired, or for there to be a risk of not achieving full recovery. In addition, there has been no market or other events which would result in a fair value significantly different to the carrying value of the loans.

Notes to the Condensed Consolidated Interim Financial Statements
(continued)

7. Trade and other receivables

	31 July 2013 £
Interest receivables	160,095
Other receivables	14,015
	174,110

There are no material past due or impaired receivable balances outstanding at the period end.

The Group has financial risk management policies in place to ensure that all receivables are received within the credit time frame. The Board of Directors considers that the carrying amount of all receivables approximates to their fair value.

8. Cash and cash equivalents

Cash and cash equivalents comprises cash held by the Group and short-term bank deposits held with maturities of up to one month. The carrying amounts of these assets approximate their fair value.

9. Other payables and accrued expenses

	31 July 2013 £
Investment management fees	341,759
Directors' remuneration	47,500
Administration fees	11,728
Broker fees	24,176
Audit Fees	27,000
Other expenses	21,542
	473,705

The Group has financial risk management policies in place to ensure that all payables are paid within the credit time frame. The Board of Directors considers that the carrying amount of all payables approximates to their fair value.

10. Commitments

The Group's Loan 2 investment is for total commitment of £20 million, of which £14.2 million has been advanced to refinance a portfolio of five multi-let industrial and distribution warehouse units located in the North West of England. As at 31 July 2013, £5.8 million remained undrawn under this facility. Further drawings beyond this commitment are permissible at the Company's full discretion to fund further, similar properties provided that overall loan covenants are maintained.

11. Share capital

The authorised share capital of the Company is represented by an unlimited number of ordinary shares with or without a par value which, upon issue, the Directors may designate as (a) ordinary shares; (b) B shares; (c) C shares, in each case of such classes and denominated in such currencies as the Directors may determine.

As at 31 July 2013, the Company had 104,619,250 issued and fully paid ordinary shares with a par value of £1 each. These shares were all issued during the period raising total proceeds of £104,619,250. The proceeds net of issue costs of £2,092,384 (2% of gross proceeds), amounted to £102,526,866.

Notes to the Condensed Consolidated Interim Financial Statements
(continued)

11. **Share capital** (continued)

Rights attaching to shares

The Company has a single class of ordinary shares which are not entitled to a fixed dividend. At any General Meeting of the Company each ordinary Shareholder is entitled to have one vote for each share held. The ordinary shares also have the right to receive all income attributable to those shares and participate in distributions made and such income shall be divided pari passu among the holders of ordinary shares in proportion to the number of ordinary shares held by them.

12. Risk Management Policies and Procedures

The Group through its investment in senior loans is exposed to a variety of financial risks, including market risk (including currency risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

The Board of Directors is ultimately responsible for the overall risk management approach within the Group. The Board of Directors has established procedures for monitoring and controlling risk. The Group has investment guidelines that set out its overall business strategies, its tolerance for risk and its general risk management philosophy.

In addition, the Investment Manager monitors and measures the overall risk bearing capacity in relation to the aggregate risk exposure across all risk types and activities. Further details regarding these policies are set out below:

Market risk

Market risk includes market price risk, currency risk and interest rate risk. If a borrower defaults on a loan and the real estate market enters a downturn it could materially and adversely affect the value of the collateral over which loans are secured. However this risk is considered by the Board to constitute credit risk as it relates to the borrower defaulting on the loan and not directly to any movements in the real estate market. As such the Directors do not consider that the Group is subject to market price risk. Market risk is moderated through a careful selection of loans within specified limits. The Group's overall market position is monitored by the Investment Manager and is reviewed by the Board of Directors on an ongoing basis.

Currency risk

The Group's currency risk exposure is considered to be immaterial as all investments have been and will be made in Pound Sterling, with immaterial expenses incurred in Euros for the LuxCo subsidiary.

Interest rate risk

Interest rate risk is the risk that the value of financial instruments and related income from the cash and cash equivalents will fluctuate due to changes in market interest rates.

The majority of the Group's financial assets are loans advanced which are at a fixed rate of interest and cash and cash equivalents. The Group's interest rate risk is limited to interest earned on cash deposits.

The following table shows the portfolio profile of the financial assets at 31 July 2013:

	31 July 2013 **£**
Floating rate	
Cash	30,408,845
Fixed rate	
Loans advanced at amortised cost	31,645,362
Cash equivalents	40,500,000
	102,554,207

Notes to the Condensed Consolidated Interim Financial Statements
(continued)

12. Risk Management Policies and Procedures (continued)

Credit risk

Credit risk is the risk that a counterparty will be unable to pay amounts in full when due. The Group's main credit risk exposure is on the loans advanced, where the Group invests in secured senior debt.

There was a concentration risk as at 31 July 2013 due to only two advanced loans being in existence, however this risk is offset as the loans are secured by collateral. There is also credit risk in respect of other financial assets as a significant portion of the Group's assets are cash and cash equivalents or accrued interest. The banks used to hold cash and cash equivalents have been diversified to spread the credit risk to which the Group is exposed. The total exposure to credit risk arises from default of the counterparty and the carrying amounts of financial assets best represent the maximum credit risk exposure at the period end date. As at 31 July 2013, the maximum credit risk exposure was £103,338,941.

The Investment Manager has adopted procedures to reduce credit risk exposure by conducting credit analysis of the counterparties, their business and reputation which is monitored on an ongoing basis.

The Group maintains its cash and cash equivalents across three different banking groups to diversify credit risk which have all been group rated A or higher by Moody's and this is subject to the Group's credit risk monitoring policies as mentioned above.

	Cash £	Fixed deposit £	Interest accrued £	Total as at 31 July 2013 £
RBS International	262,879	20,500,000	315	20,763,194
RBS Global Banking (Luxembourg) S.A.	120,183	—	—	120,183
Barclays Bank plc	—	20,000,000	5,063	20,005,063
Lloyds TSB Offshore Limited	30,025,783	—	25,501	30,051,284
	30,408,845	40,500,000	30,879	70,939,724

The carrying amount of these assets approximates their fair value.

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its liabilities as they fall due. The Group's loans advanced are illiquid and may be difficult or impossible to realise for cash at short notice.

Liquidity risks arise in respect of other financial liabilities of the Group due to counterparties. However, at 31 July 2013, there was sufficient liquidity in the form of cash and cash equivalents to satisfy the Company's obligations.

Except for the loans advanced, the Group's financial assets and financial liabilities all have maturity dates within one year. An analysis of the maturity of financial assets classified as loans advanced is shown in the table below:

	Less than one year £	Between one and five years £	After five years £	Total as at 31 July 2013 £
Loan 1 – principal	—	18,070,000	—	18,070,000
Loan 1 – interest and exit fees	1,264,900	6,606,194	—	7,871,094
Loan 2 – principal	—	—	14,200,000	14,200,000
Loan 2 – interest and exit fees	931,364	3,978,723	703,386	5,613,474
	2,196,264	28,654,917	14,903,386	45,754,568

Notes to the Condensed Consolidated Interim Financial Statements
(continued)

12. Risk Management Policies and Procedures (continued)

The Group could also be also exposed to prepayment risk; being the risk that the principal may be repaid earlier than anticipated, causing the return on certain investments to be less than expected. The Group, where possible, seeks to mitigate this risk by inclusion of income protection clauses that protect the Group against any prepayment risk on the loans advanced. To date, all loans include income protection clauses in the event of prepayment of the loans for the majority of the loan term.

Capital management policies and procedures

The Group's capital management objectives are to ensure that the Group will be able to continue as a going concern and to maximise the income and capital return to equity shareholders.

In accordance with the Group's investment policy, the Group's principal use of cash (including the proceeds of the IPO) has been to fund investments in the form of loans sourced by the Investment Manager, as well as initial expenses related to the issue, ongoing operational expenses and payment of dividends and other distributions to shareholders in accordance with the Company's dividend policy.

The Board, with the assistance of the Investment Manager, monitors and reviews the broad structure of the Company's capital on an ongoing basis.

The Company has no imposed capital requirements.

13. Subsidiary

At the date of this report the Company had one wholly owned subsidiary, ICG-Longbow Senior Debt S.A, registered in Luxembourg.

14. Related Party Transactions and Directors' Remuneration

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

Mark Huntley, Director of the Company, is also a Director of the Company's Administrator, Heritage International Fund Managers Limited. During the period, the Company incurred administration fees of £62,962 of which £11,728 was outstanding at the period end. Mark Huntley also received a Director's fee of £25,000 of which £8,333 was outstanding at the period end.

The Directors are remunerated for their services at an annual fee of £25,000, with Patrick Firth receiving an additional annual fee of £5,000 for acting as chairman of the audit and risk management committee. The Chairman receives an annual fee of £37,500.

The total Directors' fees for the period amounted to £97,041 with outstanding fees of £47,500 due to the Directors at 31 July 2013.

Investment management fees for the period amounted £493,444 of which £341,759 was outstanding at the period end.

15. Subsequent events

On 4 September 2013 the Group closed a £18.07 million senior loan secured by way of a first, and only, charge on a retail park located in a prominent location in Greater London.