REAL ESTATE CREDIT INVESTMENTS PCC LIMITED

CONDENSED INTERIM FINANCIAL REPORT

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2014

(UNAUDITED)

Contents

Chairman's Statement

Real Estate Credit Investments PCC Limited (the "Company") has made good progress in the first half of its financial year, significantly increasing its portfolio of loans within the Real Estate Credit Investments Core ("RECI" or the "Core"), as well as achieving successful realisations within the European Residual Income Investments Cell ("ERII" or the "Cell"). The existing RECI bond and loan portfolios have performed well and generated a net profit of £7.5 million in the period.

RECI reported operating income of £7.2 million in the half financial year ended 30 September 2014, up from £6.8 million in the first half of 2013/14. In addition, net gains taken through the profit and loss account, principally comprising revaluation gains on the bond portfolio, amounted to £4.3 million, so that, after deducting operating and financing expenses of £4.0 million, total net profits for the period were £7.5 million, compared to £3.9 million for the equivalent period in the previous financial year.

A dividend of 2.7p per ordinary share has been declared for the quarter ended 30 September 2014, in line with the target set at the time of the equity issue in October 2013. Total dividends declared in respect of the financial half year will therefore be 5.4p per ordinary share, at a cost of £3.9 million.

Net asset value ("NAV") at 30 September 2014 was £1.59 per RECI ordinary share, a 3.2% increase on the 31 March 2014 year end figure of £1.54.

Developing Loan Portfolio

During the half year to 30 September 2014, RECI made six new loans and extended another and since 30 September has completed a further loan, with two earlier loans being repaid. The loan pipeline being seen by the Investment Manager continues to be strong and RECI therefore has the potential to allocate further funds in the coming months to new loan commitments, at yields in excess of 10%.

Since 30 September a Mezzanine loan secured against a boutique hotel at King's Cross was sold to give an annualised return in excess of 15%. Another position, originally a loan secured against German multi-family properties which had converted into shares, was successfully realised at an annualised return of more than 25%.

ERII

ERII was created as a cell in August 2011 to hold the Company's non-core assets and its shares have been separately traded since then. The Cell has enjoyed a high level of realisations in the past six months, with one position sold in June in line with its most recent valuation and three more sold before the end of the first half of the financial year for aggregate cash consideration significantly higher than the previous valuation. The Company announced the return of predominantly all of the Cell's capital to ERII shareholders on 24 November. One remaining asset currently held at zero valuation will be retained for the time being.

Outlook

Competition in the real estate debt market continues to revive, with banks returning to the market after the financial crisis and non-banks also becoming increasingly aggressive. Nonetheless, the flexibility and market position of the Investment Manager as one of Europe's largest real estate platforms continue to generate promising new mezzanine and whole loan opportunities for RECI at double digit projected returns, while maintaining rigorous standards of underwriting and risk management. As a result of this pipeline, the Board is confident that the loan portfolio can show further growth in the second half of the financial year, net of repayments of existing loans, which combined with the continuing strong opportunties in the bond market, should enhance the expected total return from the portfolio.

Chairman’s Statement (continued)

Outlook (continued)

The Board has previously announced that, following the changes to the Board last year, it would continue the process of rotating long-serving members of the Board. As a result of October 2013’s new equity issue, its deployment into new loan investments and the recent successful realisations within the Cell, this is an appropriate point at which to start the process of selecting a new chairman. I will therefore not seek re-election at the next AGM and the Board will now be undertaking a thorough search for my successor.

Tom Chandos, Chairman
28th November 2014

Investment Manager's Report (continued)

Loan Portfolio as at 30 September 2014

Significant loan portfolio growth

RECI significantly expanded its real estate loan portfolio to £70 million from £51 million in the financial half year ending 30 September 2014. During the half year, the Company made £31 million new commitments over 6 new deals, taking total loan commitments to £92.6 million as at 30 September 2014. Additionally, in August 2014, the performing loan secured against a multifamily residential portfolio across North Rhine Westphalia, Germany was successfully restructured, and increased to fund additional asset purchases on more favourable commercial terms. This increased RECI's total funded loans to this sponsor from £6.1 million to £12.5 million.

RECI made a £6.1 million commitment to a new investment loan to a purchaser and developer of distribution assets in core UK logistic locations. The Company also funded a new £7.2 million mezzanine loan to assist in the acquisition of a major German residential development company.

The average loan portfolio LTV exposure as at 30 September 2014 was 71.7% and the portfolio continues to provide attractive risk-adjusted returns with a weighted average yield of 13.2% per annum.

Loan realisations after 30 September 2014

A mezzanine loan secured against a new trading boutique hotel at King's Cross was sold for par plus all accrued interest and fees. This investment returned an annualised yield in excess of 15%.

Another position, previously an investment backed by German multi-family properties which had received an in specie transfer of shares, was successfully exited. This investment returned an annualised yield in excess of 25%.

Focus on Europe's strongest markets

RECI's strong position in originating attractive new loans enables the Company to focus investments on Europe's strongest markets – the UK, Germany and also, potentially, Ireland. These markets offer both strong deal flows and, crucially, a lender-friendly legal framework. The Company will avoid lending in more borrower-friendly jurisdictions such as Italy, Spain and Portugal.

Loan Portfolio Summary as at 30 September 2014

Number of loans	14
Drawn Dirty Fair Value (£ millions)	70.0
Total Loan Commitments (£ millions)	92.6
Loans as % of GAV (drawn loan balance)	44%
Loans as a % of GAV (committed loan balance)	58%
Weighted average yield of loan portfolio	13.2%
Weighted average LTV of portfolio	71.7%

Top 10 Investment Portfolio Exposures[1] as at 30 September 2014

Market Value	£75.9 million
WA Original LTV[2]	66.2%
WA Cheyne Current LTV[2]	67.7%
WA Effective Yield[3]	10.0%

[1] Based on fair value of bonds and loans.

[2] The weighted average original loan to value has been calculated by reference to the original acquisition value of the relevant collateral as disclosed at the time of issue of the relevant bond or loan. The original LTV is weighted by the market value of the bonds and loans. The weighted average Cheyne current LTV has been calculated by the Investment Manager by reference to the current value ascribed to the collateral by the Investment Manager. In determining these values, the Investment Manager has undertaken its own internal valuation of the underlying collateral. Such valuations have not been subject to independent verification or review. WA LTV figures are calculated with original notional using pool factor and FX rate as at 30 September 2014.

[3] WA effective yield is based on the effective yield as at most recent purchase and is based on Investment Manager's pricing assumptions and actual returns may differ materially from those expressed or implied herein. WA effective yield figures are calculated with original notional using pool factor and FX rate as at 30 September 2014.

Investment Manager's Report (continued)

Top 10 Investment Portfolio Exposures [4] as at 30 September 2014 (continued)

Type	Class	Collateral Description
Commercial	B	Bond - secured against government housing portfolio in the UK
Commercial	Loan	Whole loan secured against German multi-family properties
Commercial	Loan	Mezz loan secured on a fully let retail park in Essex
Commercial	Loan	Mezz loan to assist in the acquisition of major German residential development entity
Commercial	E	Portfolio of commercial loans secured by properties in Germany
Commercial	Loan	Mezz loan secured against a new operational hotel at King's Cross, London
Commercial	A	Portfolio of nursing homes operated by Four Seasons Health Care Group
Commercial	Loan	Mezz loan secured against a branded London hotel development in Shoreditch, London
Commercial	Loan	Priority ranking shareholder loan on a portfolio of UK logistics and industrial properties
Commercial	Loan	Mezz loan secured by residential land and homes under development in South East UK

Real estate bond portfolio records solid gains

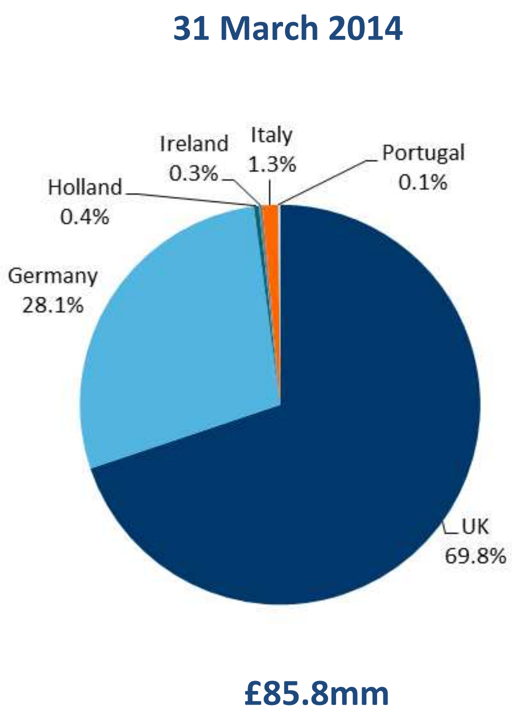
As at 30 September 2014, the portfolio of 70 bonds was valued at £70.3 million, with a nominal face value of £85.5 million[5]. The total gross return of the bond portfolio in the half year ended 30 September 2014 was 9%. The weighted average effective yield to maturity of the portfolio at market prices as at 30 September 2014 was 4.9%, with a weighted average life of 6.9 years (the weighted average effective yield to maturity of the portfolio as at 31 March 2014, using market prices as at 31 March 2014, was 6.2%, with a weighted average life of 6.8 years). As at 30 September 2014, the average purchase price across the portfolio was 83% of par and assets were purchased with a weighted average expected yield to maturity of 9.9% (as at 31 March 2014, the average purchase price across the portfolio was 81% of par and assets were purchased with a weighted average expected yield to maturity of 9.9%). As at 31 October 2014, the portfolio consisted of 69 bonds with a fair value of £68.3 million and a nominal face value of £83.8 million[6].

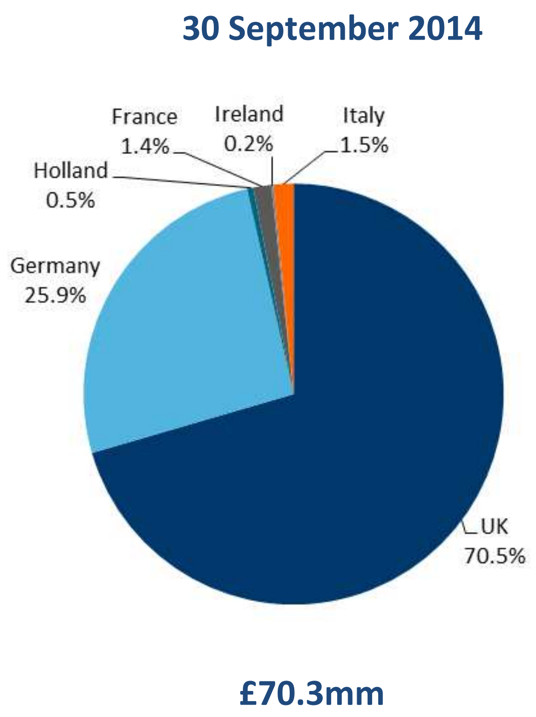
[4] Based on fair value of bonds and loans
[5] Cost and nominal shown are calculated with original notional using pool factor and FX rate as at 30 September 2014
[6] Cost and nominal shown are calculated with original notional using pool factor and FX rate as at 31 October 2014.

Investment Manager's Report (continued)

Real Estate Bond Portfolio Breakdown

Breakdown of RECI's bond portfolio as at 30 September 2014 and 31 March 2014 by jurisdiction (by reference to underlying assets)





Values may not sum to 100% due to rounding differences

Monthly Bond Performance Summary as at 30 September 2014

	May	June	July	August	September
% Fair Value Change	1.03%	1.12%	1.25%	-0.48%	2.52%
WA Purchase Price	1.00	-	0.98	0.98	-
WA Purchase Yield	2.59%	-	3.81%	4.43%	-

Asset Class Distribution of Bond Portfolio by Fair Value as at 30 September 2014

Bond Class	UK CMBS	UK RMBS	Euro CMBS	Euro RMBS	Total	Total as at 31 March 2014
A	8.7%	1.5%	0.3%	0.0%	10.4%	20.7%
B	31.2%	4.1%	3.0%	0.0%	38.3%	33.9%
C	2.1%	6.5%	5.5%	0.7%	14.9%	12.8%
D	1.8%	4.3%	7.4%	0.4%	13.9%	11.4%
E and Below	2.9%	8.1%	11.1%	0.5%	22.5%	21.2%
Total	46.8%	24.5%	27.2%	1.6%	100.0%	**100%**
Total as at 31 March 2014	44.5%	26.0%	29.1%	0.4%		

Values may not sum to 100% due to rounding differences

Investment Manager's Report (continued)

Outlook – Investment of new capital

The investment team expects to close several loan transactions in the coming months and has allocated upward of £32.1 million to these deals, all of which are in advanced stages. The Company expects the pipeline to continue growing, given the sector's strength, which juxtaposed with the long term reduction in commercial bank lending capacity, creates a compelling investment opportunity.

The bond portfolio had a total gross return of approximately 9% in the financial half year ended 30 September 2014 and strong bond portfolio performance is expected to continue into 2015. The Manager remains well-placed to participate in new issue bonds at attractive yields, and will continue to rotate out of lower yielding liquid bonds to fund new loan opportunities where the risk/reward dynamics deem it appropriate.

European Residual Income Investments (ERII)

It is the Company's objective, to the extent practicable, to realise the ERII portfolio and return cash to shareholders. The table below shows figures as at 30 September 2014 compared to 31 March 2014.

ERII Key Quarter Financial Data	Q/E 31 March 2014	Q/E 30 September 2014
Cash and receivables (excluding expenses)	€1.1m	€18.1m
Residual Total Dirty Fair Value	€9.4m	-
Asset Coverage Ratio	3.95	4.17
Distribution/Dividend Declared	3.2c	N/A
Net Asset Value per ERII Share	0.68	4.47
ERII Shares Outstanding	15.4m	4.0m

Investment Portfolio

Overview
On 7 October 2014 the Company announced the successful sale of Alba 05, Alba 06 and Eirles 236B at above their aggregate value assessed in previous valuations. Following these sales, there is one position remaining in the ERII Cell. That position has been held at zero value since the ERII Cell was created, and is expected to have no value in the foreseeable future.

The Company announced the return of predominantly all of the Cell's capital to ERII shareholders on 24 November. One remaining asset currently held at zero valuation will be retained for the time being.

Cheyne Capital Management (UK) LLP
28 November 2014

Directors' Responsibility Statement

We confirm to the best of our knowledge:

a) the condensed unaudited interim financial report has been prepared in accordance with IAS 34 "Interim Financial Reporting";
b) the interim management report (contained in the Chairman's Statement and Investment Manager's report) includes a fair review of the information required by DTR 4.2.7R (indication of important events during the first six months and a description of principal risks and uncertainties for the remaining six months of the year); and
c) the interim management report (contained in the Chairman's Statement and Investment Manager's report) includes a fair review of the information required by DTR 4.2.8R (disclosure of related party transactions and changes therein).

By order of the Board

Christopher Spencer
Director
XX November 2014

Graham Harrison
Director
XX November 2014

Independent review report to Real Estate Credit Investments PCC Limited

We have been engaged by Real Estate Credit Investments PCC Limited (the "Company") to review the condensed unaudited financial statements in the half-yearly interim financial report for the six months ended 30 September 2014 which comprises the Unaudited Statement of Comprehensive Income, the Unaudited Statement of Financial Position, the Unaudited Statement of Changes in Equity and the Unaudited Statement of Cash Flows and related Notes 1 to 20. 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 unaudited financial statements.

This report is made solely to the Company's members in accordance with the 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 Kingdoms' Financial Conduct Authority.

As disclosed in Note 2, the annual financial statements of the Company are prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board. The condensed unaudited financial statements included in this interim financial report have been prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting".

Our responsibility

Our responsibility is to express to the Company a conclusion on the condensed unaudited 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.

Independent review report to Real Estate Credit Investments PCC Limited (continued)

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed unaudited financial statements in the interim financial report for the six months ended 30 September 2014 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as issued by the International Accounting Standards Board and the Disclosure and Transparency Rules of the United Kingdom's Financial Conduct Authority.

Deloitte LLP
Chartered Accountants
Guernsey, Channel Islands
XX November 2014

Unaudited Statement of Comprehensive Income

For the period from 1 April 2014 to 30 September 2014

	Note	RECI Core 30-Sept-2014 GBP	ERII Cell 30-Sept-2014 EUR	Total 30-Sept-2014 GBP
Interest income	2	7,232,296	128,472	7,335,902
Net gains on financial assets and liabilities at fair value through profit or loss	3	4,283,077	16,342,326	17,462,371
		11,515,373	16,470,798	24,798,273
Operating expenses	4	(2,310,495)	(541,507)	(2,747,193)
Profit before finance costs		9,204,878	15,929,291	22,051,080
Finance costs	5	(1,732,368)	-	(1,732,368)
Net profit		**7,472,510**	**15,929,291**	**20,318,712**
Profit per Ordinary Share				
Basic	8	£ 0.10	€1.38	
Diluted	8	£ 0.10	€1.38	
Weighted average Ordinary Shares outstanding				
Basic	8	72,818,496	11,548,807	
Diluted	8	72,818,496	11,548,807	

All items in the above statement are derived from continuing operations.

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

Unaudited Statement of Comprehensive Income

For the period from 1 April 2013 to 30 September 2013

	Note	RECI Core 30-Sept-2013 GBP	ERII Cell 30-Sept-2013 EUR	Total 30-Sept-2013 GBP
Interest income	2	6,805,792	393,797	7,141,447
Net gains/(losses) on financial assets and liabilities at fair value through profit or loss	3	545,687	(1,231,740)	(504,195)
		7,351,479	(837,943)	6,637,252
Operating expenses	4	(1,560,089)	(335,900)	(1,846,396)
Profit/(loss) before finance costs		5,791,390	(1,173,843)	4,790,856
Finance costs	5	(1,853,664)	-	(1,853,664)
Net profit/(loss)		**3,937,726**	**(1,173,843)**	**2,937,192**
Profit/(loss) per Ordinary Share				
Basic	8	£ 0.10	€(0.06)	
Diluted	8	£ 0.10	€(0.06)	
Weighted average Ordinary Shares outstanding		**Number**	**Number**	
Basic	8	39,966,985	18,456,550	
Diluted	8	39,966,985	18,456,550	

All items in the above statement are derived from continuing operations.

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

Unaudited Statement of Financial Position

As at 30 September 2014

	Note	RECI Core 30-Sept-2014 GBP	ERII Cell 30-Sept-2014 EUR	Total 30-Sept-2014 GBP
Non-current assets				
Investments at fair value through profit or loss	10	136,497,410	-	136,497,410
		136,497,410	-	136,497,410
Current assets				
Cash and cash equivalents		10,791,453	13,419,437	21,248,290
Derivative financial assets - options held for trading	10	2,989,899	-	2,989,899
Derivative financial assets - unrealised gain on forward foreign exchange contracts	10	67,386	-	67,386
Other assets	6	9,038,315	4,855,350	12,821,753
		22,887,053	18,274,787	37,127,328
Total assets		**159,384,463**	**18,274,787**	**173,624,738**
Equity and liabilities				
Equity				
Reserves		115,755,486	18,104,206	129,862,839
		115,755,486	18,104,206	129,862,839
Current liabilities				
Derivative financial liabilities - options held for trading	10	878	-	878
Derivative financial liabilities - unrealised loss on forward foreign exchange contracts		5,167		5,167
Other liabilities		2,003,861	170,581	2,136,783
		2,009,906	170,581	2,142,828
Non-current liabilities				
Preference Shares	9	41,619,071	-	41,619,071
Total liabilities		43,628,977	170,581	43,761,899
Total equity and liabilities		**159,384,463**	**18,274,787**	**173,624,738**
Shares outstanding	9	72,818,496	4,048,094	
Net asset value per share		£ 1.59	€4.47	

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

These financial statements were approved by the Board of Directors on XX November 2014.

Signed on behalf of the Board of Directors by:

Christopher Spencer
Director

Graham Harrison
Director

Unaudited Statement of Financial Position

As at 31 March 2014

	Note	RECI Core 31-Mar-2014 GBP	ERII Cell 31-Mar-2014 EUR	Total 31-Mar-2014 GBP
Non-current assets				
Investments at fair value through profit or loss	10	133,516,951	9,375,888	141,268,091
		133,516,951	9,375,888	141,268,091
Current assets				
Cash and cash equivalents		18,346,637	1,143,441	19,291,931
Derivative financial assets - options held for trading	10	1,587,027	-	1,587,027
Derivative financial assets - unrealised gain on forward foreign exchange contracts	10	274,079	-	274,079
Other assets	6	3,270,188	53,438	3,314,366
		23,477,931	1,196,879	24,467,403
Total assets		**156,994,882**	**10,572,767**	**165,735,494**
Equity and liabilities				
Equity				
Reserves		112,215,175	10,517,460	120,910,064
		112,215,175	10,517,460	120,910,064
Current liabilities				
Derivative financial liabilities - options held for trading	10	230,756		230,756
Fair value of credit default swaps - liability balance	10	309,622		309,622
Payable for preference shares repurchased		1,559,258		1,559,258
Other liabilities		1,116,151	55,307	1,161,874
		3,215,787	55,307	3,261,510
Non-current liabilities				
Preference Shares	9	41,563,920	-	41,563,920
Total liabilities		44,779,707	55,307	44,825,430
Total equity and liabilities		**156,994,882**	**10,572,767**	**165,735,494**
Shares outstanding	9	72,818,496	15,392,148	
Net asset value per share		£ 1.54	€0.68	

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

Statement of Changes in Equity
For the period from 1 April 2014 to 30 September 2014

	Note	RECI Core GBP	ERII Cell EUR	Total GBP
Balance at 31 March 2014		112,215,175	10,517,460	120,910,064
Net profit for the period		7,472,510	15,929,291	20,318,712
Redemptions of Cell Shares	9	-	(7,849,996)	(6,330,642)
Distribution to the Ordinary Shareholders of the Company	7	(3,932,199)	(492,549)	(4,329,416)
Foreign currency translation adjustment		-	-	(705,879)
Balance at 30 September 2014		**115,755,486**	**18,104,206**	**129,862,839**
Balance at 31 March 2013		**60,035,991**	**15,377,708**	**73,040,367**
Net profit/(loss) for the period		3,937,726	(1,173,843)	2,937,192
Redemption of Cell Shares	9	-	(2,410,812)	(2,054,871)
Distribution to the Shareholders of the Company	7	(1,798,514)	(556,341)	(2,272,715)
Foreign currency translation adjustment		-	-	(82,039)
Balance at 30 September 2013		**62,175,203**	**11,236,712**	**71,567,934**

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

Unaudited Statement of Cash Flows

For the period from 1 April 2014 to 30 September 2014

	RECI Core 30-Sept-2014 GBP	ERII Cell 30-Sept-2014 EUR	Total 30-Sept-2014 GBP
Profit before finance costs	9,204,878	15,929,291	22,051,080
Movement in investments at fair value through profit or loss*	(2,980,459)	9,375,888	4,580,741
Movement in financial derivative instruments*	(1,730,512)	-	(1,730,512)
Operating cash flows before movement in working capital	**4,493,907**	**25,305,179**	**24,901,309**
Increase in receivables	(5,768,127)	(4,801,912)	(9,509,924)
(Decrease)/increase in payables	(671,548)	115,274	(581,722)
Cash (used in)/provided by operations	**(6,439,675)**	**(4,686,638)**	**(10,091,646)**
Net cash (outflow)/inflow from operating activities	**(1,945,768)**	**20,618,541**	**14,809,663**
Financing activities			
Redemptions paid to Cell Shareholders	-	(7,849,996)	(6,330,642)
Distributions paid to Ordinary Shareholders	(3,932,199)	(492,549)	(4,329,416)
Preference dividends paid	(1,677,217)	-	(1,677,217)
Net cash outflow from financing activities	**(5,609,416)**	**(8,342,545)**	**(12,337,275)**
Net (decrease)/increase in cash and cash equivalents	(7,555,184)	12,275,996	2,472,388
Cash and cash equivalents at the start of the year	18,346,637	1,143,441	19,291,931
Foreign currency translation adjustment	-	-	(516,029)
Cash and cash equivalents at end of year	**10,791,453**	**13,419,437**	**21,248,290**

* The Company made sales of £101,052,902 and purchases of £85,498,932 during the period ended 30 September 2014 (including purchases and sales of financial derivative instruments and paydowns/payups).

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

Unaudited Statement of Cash Flows

For the period from 1 April 2013 to 30 September 2013

	RECI Core 30-Sept-2013 GBP	ERII Cell 30-Sept-2013 EUR	Total 30-Sept-2013 GBP
Profit/(loss) before finance costs	5,791,390	(1,173,843)	4,790,856
Movement in investments at fair value through profit or loss*	(4,598,796)	2,594,235	(2,387,583)
Movement in financial derivative instruments*	445,072	-	445,072
Operating cash flows before movement in working capital	**1,637,666**	**1,420,392**	**2,848,345**
(Increase)/decrease in receivables	(1,318,912)	1,663,463	71,571
Increase/(decrease) in payables	170,304	(4,598)	166,461
Cash (used in)/provided by operations	**(1,148,608)**	**1,658,865**	**238,032**
Net cash inflow from operating activities	489,058	3,079,257	3,086,377
Financing activities			
Redemptions paid to Shareholders	-	(2,410,812)	(2,054,871)
Distributions paid to Shareholders	(1,798,514)	(556,341)	(2,272,715)
Preference dividends paid	(1,798,513)	-	(1,798,513)
Net cash outflow from financing activities	**(3,597,027)**	**(2,967,153)**	**(6,126,099)**
Net (decrease)/increase in cash and cash equivalents	(3,107,969)	112,104	(3,039,722)
Cash and cash equivalents at the start of the year	8,500,017	1,112,210	9,440,573
Foreign currency translation adjustment	-	-	14,597
Cash and cash equivalents at end of year	**5,392,048**	**1,224,314**	**6,415,448**

* The Company made sales of £ 99,946,524 and purchases of £ 98,528,795 during the period ended 30 September 2013 (including purchases and sales of financial derivative instruments and principal paydowns/payups).

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

Notes to the Condensed Unaudited Financial Statements

For the six months ended 30 September 2014

1. General information

Real Estate Credit Investments PCC Limited (the "Company") was registered on 6 September 2005 with registered number 43634 and is domiciled in Guernsey, Channel Islands. The Company commenced its operations on 8 December 2005.

The Company is an authorised closed-ended protected cell company, being a cellular company governed by the Companies (Guernsey) Law 2008, comprising a core segment (the "Core" or "RECI") and a cell segment (the "Cell" or "ERII Cell") each of which has its own portfolio of assets, investment objective and sub-section of the Company's Investment Policy.

"Group" was defined as the Company and Trebuchet Finance Limited ("Trebuchet"). The Company held a participation note in Trebuchet, a SPE over which the Company was exposed to the majority of its benefits and business risks. Trebuchet was consolidated in the financial statements of the Group as at 31 March 2014 under SIC 12, Consolidation - special purpose entities. The Company adopted IFRS 10 "Consolidated Financial Statements – Investment Entities Amendment" as of 1 April 2014 in its financial statements, whereby an investment entity shall not consolidate its subsidiaries but instead measure an investment in a subsidiary at fair value through profit or loss.

The investment policy of the Company is sub-divided into an investment policy for the Core and an investment policy for the Cell. This is to reflect the fact that the Investment Manager is responsible for managing two discrete pools of assets, one, represented by the Core, into which Ordinary Shareholders are invested and one, represented by the Cell, into which Cell Shareholders are invested.

The investment objective for the Core is to invest primarily in debt secured by commercial or residential properties in Western Europe and the United Kingdom ("Real Estate Debt Investments"). The Real Estate Debt Investments may take different forms but will be likely to be: (i) securitised tranches of secured real estate related debt securities, for example, RMBS and CMBS (together MBS); and (ii) secured real estate loans, debentures or any other form of debt instrument.

As defined in the Prospectus, the investment objective of the Cell is to pay to Cell Shareholders the Net Cell Proceeds and to provide Cell Shareholders with exposure to an amortising portfolio of Residual Income Positions. Following the sales of the remaining assets of the Cell portfolio, with the exception of one position which has been held at a fair value of EUR Nil since inception of the Cell, the Directors announced a distribution from the recent assets sales and the redemption of the notes. It is not expected the remaining position in the Cell will have a value for the foreseeable future and this position will continue to be held for the moment. It is the Directors intention to distribute the proceeds from the Cell (less any final expenses) to the ERII Shareholders.

The Core Ordinary Shares reflect the performance of the Core's real estate debt strategy. The Core Ordinary Shares are currently listed on the premium segment of the Official List of the UK Listing Authority and trade on the Main Market of the London Stock Exchange plc (ticker RECI). The Core Ordinary Shares offer investors a levered exposure to a portfolio of real estate credit investments and aim to pay a quarterly dividend. Such leverage is provided by the Preference Shares which confer the right to a preferential cumulative preference dividend (which is an amount in Sterling equal to 8 per cent per annum of the Preference Share Notional Value) payable quarterly on each Payment Date. The Core Preference Shares are currently listed on the standard segment of the Official List of the UK Listing Authority and trade on the Main Market of the London Stock Exchange plc (ticker RECP).

Notes to the Condensed Unaudited Financial Statements (continued)

For the six months ended 30 September 2014

1. General information (continued)

The real estate debt investment strategy of the Core focuses on secured residential and commercial debt in the UK and Western Europe. In making these investments the Company uses the expertise and knowledge of its investment manager, Cheyne Capital Management (UK) LLP (the "Investment Manager"), an investment management firm authorised and regulated by the UK Financial Conduct Authority. The Company has adopted a long-term strategic approach to investing and focuses on identifying value.

The Cell Ordinary Shares traded on the Specialist Fund Market of the London Stock Exchange plc (ticker ERII). Dividends or distributions were only paid by the Cell to the extent that the asset cover ratio (the Preference Share Cover Test) for the Core Preference Shares was satisfied. The Company announced the return of predominantly all of the Cell's capital to ERII shareholders on 24 November. One remaining asset currently held at zero valuation will be retained for the time being.

The liabilities in relation to the Preference Shares, being both quarterly Preference Dividends and the repayment of the final capital entitlement of the Preference Shares (the "Final Capital Entitlement"), are borne by the Company. The Company will continue to fulfil its obligations towards the Preference Shareholders with respect to the distribution of Preference Dividends. Such obligations are met using the income available in the Core and, if necessary, the Core Assets themselves.

Should the Core Income and Assets be insufficient to meet the Company's liabilities in respect of Preference Dividends and/or the Final Capital Entitlement when they fall due, it was intended that the Directors would call upon the income of the Cell and, where such income was insufficient to satisfy such liabilities, the assets of the Cell to satisfy the liabilities (the "Inter-Cellular Arrangement"). Following the sale of the positions in the Cell during the period and the subsequent distribution to the Cell Shareholders, the terms of the Inter-Cellular Arrangement are no longer applicable.

The Company's investment management activities are managed by the Investment Manager, who is also the AIFM. The Company has entered into an Investment Management Agreement (the "Investment Management Agreement") under which the Investment Manager manages its day-to-day investment operations, subject to the supervision of the Company's Board of Directors. The Company is an Alternative Investment Fund ("AIF") within the meaning of the Alternative Investment Fund Manager ("AIFM") Regulations and accordingly the Investment Manager has been appointed as AIFM of the Company. The Company has no direct employees. For its services, the Investment Manager receives a monthly management fee (which includes a reimbursement of expenses) and accrues a performance fee (see Note 15). The Company and the Investment Manager agreed that an Incentive Fee would not be charged on the Cell Assets.

The Company has no ownership interest in the Investment Manager. State Street (Guernsey) Limited is the Administrator and provides all administration and secretarial services to the Company in this capacity.

2. Significant accounting policies

Statement of compliance

The condensed unaudited financial statements for the period ended 30 September 2014 have been prepared in accordance with IAS 34 Interim Financial Reporting ("IAS 34") as issued by the International Accounting Standards Board. With the exception of those described below, the same accounting policies, presentation and methods of computation have been followed in these financial statements as were applied in the preparation of the Company's audited financial statements for the year ended 31 March 2014.

The condensed unaudited financial statements do not contain all of the information and disclosures required in a full set of annual financial statements and should be read in conjunction with the audited financial statements of the Company for the year ended 31 March 2014, which have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board.

Notes to the Condensed Unaudited Financial Statements (continued)
For the six months ended 30 September 2014

2. Significant accounting policies (continued)

Statement of compliance (continued)
The comparative information for the year ended 31 March 2014 does not constitute Statutory Accounts as defined by Guernsey Law. A copy of the Statutory Accounts for that year has been delivered to the Shareholders.

Basis of preparation
The Auditor's Report on the Financial Statements for the year ended 31 March 2014 was not qualified but did include an emphasis of matter in relation to the uncertainty over the valuation of the ERII Cell's illiquid investments and did not contain a statement under section 263(2) and (3) of The Companies (Guernsey) Law, 2008.

The condensed unaudited financial statements of the Company are prepared on the historical cost basis as modified by the following assets and liabilities which are stated at their fair value: derivative financial instruments, financial instruments held for trading and financial instruments classified or designated as at fair value through profit or loss.

The functional and presentation currency of the Company and Core is GBP. The functional and presentation currency of the Cell is Euro. These functional currencies of the Core and Cell best represent the economic environment in which the Core and Cell operate. The presentation currency of the combined financial statements is GBP.

New standards adopted

IFRS 10 Consolidated Financial Statements and Investment Entities Amendments
IFRS 10 "Consolidated Financial Statements" Investment Entities Amendment as issued provides an exception to consolidation requirements for entities that meet the definition of an investment entity. The exception to consolidation requires investment entities to account for subsidiaries at fair value through profit or loss in accordance with IAS 39. The standard is effective for annual periods beginning on or after 1 January 2014.

For the six months ended 30 September 2014, the Company adopted IFRS 10 "Consolidated Financial Statements", including the Amendments, "Investment entities (Amendments to IFRS 10, IFRS 12 and IAS 27)". Under the transitional provisions of IFRS 10, this change in accounting policy is required to be accounted for retrospectively.

The impact of adopting the Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 27) is the exclusion from consolidation of assets, liabilities, income and expenses of Trebuchet which were previously consolidated on a line-by-line basis. The investment in Trebuchet is now held at fair value through profit and loss and no longer consolidated.

As the profit participating note transfers all the economic value within Trebuchet to the Cell, the fair value of the Cell's investment into Trebuchet is represented by either the fair value of the underlying residual income position or as a receivable under the profit participating note in respect of other net assets of Trebuchet, such as receivables from asset disposals.

Going Concern
The Directors believe it is appropriate to adopt the going concern basis in preparing the financial statements as, after due consideration, the Directors consider that the Company has adequate resources to continue in operational existence for the foreseeable future. Regarding the ongoing funding of the Company's Preference Shares, the Directors have taken into account the current cash balance, the forecast cash inflows and outflows from the investments and operating expenses.

2. Significant accounting policies (continued)

Going Concern (continued)
The Directors note the cash resources available at 30 September 2014 (£25m including receivable from sale of investments in the Cell), some of which will be used to pay the proposed dividend, are sufficient to cover normal operational costs and current liabilities as they fall due for the foreseeable future.

Valuation of investments
In accordance with the Company's accounting policies, the fair value of financial assets is based on quoted prices where such prices are available from a third party in a liquid market. At 31 March 2014 quoted prices were not available for any of the Cell's residual portfolio investments. As at 30 September 2014, the Cell has sold all of its remaining residual portfolio investments with the exception of one position which has been held at a fair value of EUR Nil since inception of the Cell.

Mortgage Backed Securities held in the Core are valued using independent market prices (supplied by Markit).

The market for Residual Income Positions is illiquid and regular traded prices are generally not available for such investments. There is no active secondary market in Residual Income Positions and, further, there is no industry standard agreed methodology to value Residual Income Positions.

As quoted prices are unavailable, the fair value of the Residual Income Positions was estimated by reference to market information, which included but was not limited to broker marks, prices of comparable assets, estimated fair value from the previous period updated for current period cash flows and a pricing model, that incorporates discounted cash flow techniques as required by IAS 39. At 30 September 2014, the Cell assets are made up of one investment position which is valued at EUR Nil, cash and receivables. The fair values of the Company's Investments are set out in Note 10.

Any changes to assumptions surrounding the pricing models may result in changes to the fair values of the investments. Such changes in the fair value are reported in the Statement of Comprehensive Income following the reassessment of the cash flows discounted at the current discount rate for the investment. The fair values of the Company's investments are set out in Note 9.

The Core has made loans into structures to gain exposure to real estate secured debt in the UK and Germany. These loans are not traded in an active market and there are no independent quotes available for these loans. The fair values of financial instruments that are not traded in an active market are determined using valuation techniques (such as modelling). The fair value of these loans are linked directly to the value of the real estate loans the underlying structures invest in, which are determined based on modelled expected cash flows (drawdown principal and interest repayments, and maturity dates) with effective yields ranging from 8.2% to 20.4%. Fair value of the real estate loans is adjusted for changes in the credit quality of the borrower and underlying property collateral, and changes in the market rate on similar instruments. On origination of the loan, the Investment Manager performs due diligence on the borrower and related security / property. This includes obtaining a valuation of the underlying property (to assess loan-to-value of the investment). In most instances the terms of the loan require periodic re-valuation of the underlying property to check against loan-to-value covenants.

Income recognition
The annual financial statements for the year ended 31 March 2014 describes the recognition of income using the effective interest method and there have been no changes in these accounting policies.

The Company invests in real estate loans from which it receives contractual cash flows. Interest income is accrued based on the expected cash flow projections which may differ from the contractual cash flows and which in some cases have higher coupon rates and can include deferred fees.

Notes to the Condensed Unaudited Financial Statements (continued)

For the six months ended 30 September 2014

3. Net gains and losses on financial assets and liabilities at fair value through profit or loss

6 month period ended 30 September 2014:	RECI Core 30-Sept-14 GBP	ERII Cell 30-Sept-14 EUR	Total 30-Sept-14 GBP
Net gains/(losses)			
Net gains on investments at fair value through profit or loss	1,806,971	16,365,669	15,005,090
Net losses on credit default swaps	(158,264)	-	(158,264)
Net gains on options	1,495,751	-	1,495,751
Net gains/(losses) on foreign exchange instruments and other foreign currency transactions	1,138,619	(23,343)	1,119,794
Net gains	**4,283,077**	**16,342,326**	**17,462,371**

6 month period ended 30 September 2013:	RECI Core 30-Sept-13 GBP	ERII Cell 30-Sept-13 EUR	Total 30-Sept-13 GBP
Net gains/(losses)			
Net gains/(losses) on investments at fair value through profit or loss	1,178,353	(962,458)	357,995
Net losses on credit default swaps	(453,045)	-	(453,045)
Net losses on options	(33,226)	-	(33,226)
Net losses on foreign exchange instruments and other foreign currency transactions	(146,395)	(269,282)	(375,919)
Net gains/(losses)	**545,687**	**(1,231,740)**	**(504,195)**

4. Operating expenses

6 month period ended 30 September 2014:	Note	RECI Core 30-Sept-14 GBP	ERII Cell 30-Sept-14 EUR	Total 30-Sept-14 GBP
Investment management, custodian and administration fees				
Investment management fee	15	987,564	87,485	1,058,116
Performance fee	15	820,077	-	820,077
Administration fee		95,756	29,043	119,178
Custodian fee		17,861	(5,052)	13,787
		1,921,258	**111,476**	**2,011,158**
Other operating expenses				
Audit fees		40,110	-	40,110
Fees payable to Directors of Real Estate Credit Investments PCC Limited		77,950	38,259	108,804
Fees payable to Directors of Trebuchet Finance Limited		-	6,250	5,040
Legal fees		97,018	130,116	201,950
Other expenses		174,159	255,406	380,131
		389,237	**430,031**	**736,035**
Total operating expenses		**2,310,495**	**541,507**	**2,747,193**

Notes to the Condensed Unaudited Financial Statements (continued)

For the six months ended 30 September 2014

4. Operating expenses (continued)

6 month period ended 30 September 2013:	Note	RECI Core 30-Sept-13 GBP	ERII Cell 30-Sept-13 EUR	Total 30-Sept-13 GBP
Investment management, custodian and administration fees				
Investment management fee	15	934,948	124,340	1,040,930
Administration fee		120,575	39,056	153,865
Custodian fee		(2,566)	(2,535)	(4,727)
		1,052,957	**160,861**	**1,190,068**
Other operating expenses				
Audit fees		67,640	29,272	92,590
Fees payable to Directors of Real Estate Credit Investments PCC Limited		67,684	56,851	116,142
Fees payable to Directors of Trebuchet Finance Limited		-	6,277	5,350
Legal fees		100,702	8,207	107,697
Other expenses		271,106	74,432	334,549
		507,132	**175,039**	**656,327**
Total operating expenses		**1,560,089**	**335,900**	**1,846,396**

5. Finance costs

The following table details finance costs from financial assets and liabilities for the period:

6 month period ended 30 September 2014:	RECI Core 30-Sept-14 GBP	ERII Cell 30-Sept-14 EUR	Total 30-Sept-14 GBP
Finance costs:			
Preference Shares issuance expense amortised	55,151	-	55,151
Dividend paid to Preference Shareholders	1,677,217	-	1,677,217
Total finance costs	**1,732,368**		**1,732,368**

6 month period ended 30 September 2013:	RECI Core 30-Sept-13 GBP	ERII Cell 30-Sept-13 EUR	Total 30-Sept-13 GBP
Finance costs:			
Preference Shares issuance expense amortised	55,151	-	55,151
Dividend paid to Preference Shareholders	1,798,513	-	1,798,513
Total finance costs	**1,853,664**	**-**	**1,853,664**

6. Other assets

As at 30 September 2014	RECI Core 30-Sept-14 GBP	ERII Cell 30-Sept-14 EUR	Total 30-Sept-14 GBP
Interest receivable	3,886,559	3,853	3,889,561
Receivable for investments sold	5,133,905	4,851,497	8,914,341
Other receivables	17,851	-	17,851
	9,038,315	**4,855,350**	**12,821,753**

Notes to the Condensed Unaudited Financial Statements (continued)

For the six months ended 30 September 2014

6. Other assets (continued)

As at 31 March 2014	RECI Core 31-Mar-14 GBP	ERII Cell 31-Mar-14 EUR	Total 31-Mar-14 GBP
Interest receivable	3,270,188	53,438	3,314,366
	3,270,188	**53,438**	**3,314,366**

7. Dividends

6 month period ended 30 September 2014:

Ordinary Share Dividends	RECI Core 30-Sept-14 GBP	ERII Cell 30-Sept-14 EUR	Total 30-Sept-14 GBP
Final dividend for the year ended 31 March 2014	1,966,099	492,549	2,363,316
First interim dividend for the year ended 31 March 2015	1,966,100	-	1,966,100
Amounts recognised as distributions to Ordinary Equity Holders in the period	**3,932,199**	**492,549**	**4,329,416**

6 month period ended 30 September 2014:

Dividends per Share (Core and Cell)	RECI Core 30-Sept-14 GBP / Share	ERII Cell 30-Sept-14 EUR / Share
Final dividend for the year ended 31 March 2014	0.027	0.032
First interim dividend for the year ended 31 March 2015	0.027	-
Amounts recognised as distributions to Ordinary Equity Holders in the period	**0.054**	**0.032**

6 month period ended 30 September 2013:

Ordinary Share Dividends	RECI Core 30-Sept-13 GBP	ERII Cell 30-Sept-13 EUR	Total 30-Sept-13 GBP
Final dividend for the year ended 31 March 2013	879,274	556,341	1,353,475
First interim dividend for the year ended 31 March 2014	919,240	-	919,240
Amounts recognised as distributions to Ordinary Equity Holders in the period	**1,798,514**	**556,341**	**2,272,715**

6 month period ended 30 September 2013:

Dividends per Share (Core and Cell)	RECI Core 30-Sept-13 GBP / Share	ERII Cell 30-Sept-13 EUR / Share
Final dividend for the year ended 31 March 2013	0.022	0.03
First interim dividend for the year ended 31 March 2014	0.023	-
Amounts recognised as distributions to Ordinary Equity Holders in the period	**0.045**	**0.03**

Notes to the Condensed Unaudited Financial Statements (continued)
For the six months ended 30 September 2014

7. Dividends (continued)

Under Guernsey Law, companies can pay dividends provided they satisfy the solvency test prescribed under The Companies (Guernsey) Law, 2008. The solvency test considers whether a company is able to pay its debts when they become due and whether the value of a company's assets is greater than its liabilities. The Directors considered that the Company passed the solvency test for each dividend payment during the period ended 30 September 2014 (also for the year ended 31 March 2014 and period ended 30 September 2013).

The Preference Share Cover Test is intended to prevent the erosion of the Company's asset base through the payment of dividends or other distributions out of the Cell. Prior to the Company declaring a dividend or making a distribution (including for these purposes a redemption) to holders of Cell Shares, the Preference Share Cover Test also needs to be satisfied. The Company was not in breach of the test as at 30 September 2014, 31 March 2014 or 30 September 2013.

Preference Share Dividends
The Preference Shareholders are entitled to a Preference Dividend equal to 8% per annum of the Preference Share Notional Value. The Preference Dividend will be accrued at each valuation point and paid quarterly. Dividends owing to Preference Shareholders are shown as a Finance Cost in the Statement of Comprehensive Income using the effective interest rate method.

8. Profit/(loss) per Ordinary Share

6 month period ended 30 September 2014:	**RECI Core 30-Sept-14 GBP**	**ERII Cell 30-Sept-14 EUR**
The calculation of the basic and diluted earnings per share is based on the following data:		
Profit for the purposes of basic earnings per share being net profit attributable to equity holders	7,472,510	15,929,291
Weighted average number of Ordinary Shares for the purposes of basic earnings per share	72,818,496	11,548,807
Effect of dilutive potential Ordinary Shares:		
Share options	-	-
Weighted average number of Ordinary Shares for the purposes of diluted earnings per share	**72,818,496**	**11,548,807**

6 month period ended 30 September 2013:	**RECI Core 30-Sept-13 GBP**	**ERII Cell 30-Sept-13 EUR**
The calculation of the basic and diluted earnings per share is based on the following data:		
Profit/(loss) for the purposes of basic earnings per share being net profit/(loss) attributable to equity holders	3,937,726	(1,173,843)
Weighted average number of Ordinary Shares for the purposes of basic earnings per share	39,966,985	18,456,550
Effect of dilutive potential Ordinary Shares:		
Share options	-	-
Weighted average number of Ordinary Shares for the purposes of diluted earnings per share	**39,966,985**	**18,456,550**

Notes to the Condensed Unaudited Financial Statements (continued)

For the six months ended 30 September 2014

8. Profit/(loss) per Ordinary Share (continued)

There was no dilution as at 30 September 2014 or 30 September 2013 as the share price was below the option price (see Note 15) on that date.

9. Share capital

The capital structure of the Company consists of Preference Shares and equity attributable to equity holders of Core and Cell Ordinary Shares, comprising issued share capital and reserves, as disclosed in the Unaudited Statement of Financial Position. The issued share capital of the Company consists of Core Ordinary Shares, Preference Shares and Cell Ordinary Shares. The Company's capital managed as at the period end is represented by the value of the shares issued to date. The Company does not have any externally imposed capital requirements. At 30 September 2014 the Company had capital of £ 129,862,839 (31 March 2014: £ 120,561,037).

Authorised Share Capital

	30 September 2014 Number of Shares	31 March 2014 Number of Shares
Core Ordinary Shares of no par value each	Unlimited	Unlimited
Preference Share at par	44,962,834	44,962,834
Cell Ordinary Shares of no par value each	Unlimited	Unlimited

Core Ordinary Shares Issued and fully paid

	30 September 2014 Number of Shares	31 March 2014 Number of Shares
Balance at start of the period/year	72,818,496	39,966,985
Ordinary Shares issued during the period/year	-	32,851,511
Balance at end of the period/year	**72,818,496**	**72,818,496**

No Ordinary Shares were bought back or cancelled during the period ended 30 September 2014 or during the year ended 31 March 2014.

Cell Ordinary Shares Issued and fully paid

	30 September 2014 Number of Shares	31 March 2014 Number of Shares
Balance at start of the period/year	15,392,148	18,544,711
Cell shares redeemed during the period/year	(11,344,054)	(3,152,563)
Balance at end of the period/year	**4,048,094**	**15,392,148**

On 31 July 2014, 73% of the Cell's issued share capital was redeemed by way of compulsory redemption of Cell Shares following the sale of the Company's position in Magellan. The redemption was allocated pro rata to investor holdings of Cell Shares as recorded on the register at the close of business on the redemption date. The aggregate payment made to Cell Shareholders was €7,849,996. All of the Cell Shares redeemed on the redemption date were cancelled.

Notes to the Condensed Unaudited Financial Statements (continued)

For the six months ended 30 September 2014

9. Share capital (continued)

Preference Shares Issued and fully paid

	30-Sept-2014 Number of Preference Shares	30-Sept-2014 GBP	31-Mar-2014 Number of Preference Shares	31-Mar-2014 GBP
Preference Shares at start of period	41,930,419	41,563,920	44,962,834	44,486,335
Preference Shares repurchased during the year at par net of issue costs	-	-	(3,032,415)	(3,032,415)
Amortised issue costs allocated to Preference Shares	-	55,151	-	110,000
Balance at end of period	**41,930,419**	**41,619,071**	**41,930,419**	**41,563,920**

The value of the Preference Shares represents an obligation on the Company to pay the Preference Shares par value on winding up of the Company or on redemption of the Preference Shares in accordance with their terms. The liability with respect to the Preference Shares remains in the Core subject to meeting the requirements of the Preference Share Cover Test as disclosed in Note 1.

The Core repurchased 3,032,415 of Preference shares during the financial year ended 31 March 2014 which are still held in Treasury.

At 30 September 2014, 41,930,419 Preference Shares were in issue with a par value of £1 per share (31 March 2014: 41,930,419 Preference Shares). All issued Shares are fully paid.

10. Valuation of Financial Instruments

IFRS 13 requires disclosures surrounding the level in the fair value hierarchy in which fair value measurement inputs are categorised for assets and liabilities measured in the Statement of Financial Position. The determination of the fair value for financial assets and financial liabilities for which there is no observable market price requires the use of valuation techniques as described in Note 2, Significant Accounting Policies. For financial instruments that trade infrequently and have little price transparency, fair value is less objective.

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

- Level 1 – Quoted market prices in an active market for an identical instrument.
- Level 2 – Valuation techniques based on observable inputs. This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.
- Level 3 – Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs could have a significant impact on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

Notes to the Condensed Unaudited Financial Statements (continued)

For the six months ended 30 September 2014

10. Valuation of Financial Instruments (continued)

The following table analyses within the fair value hierarchy the Core's financial assets and liabilities at the period/year end date:

As at 30 September 2014:	**Level 1 30-Sept-14 GBP**	**Level 2 30-Sept-14 GBP**	**Level 3 30-Sept-14 GBP**	**Total 30-Sept-14 GBP**
Non-current assets				
Real Estate Debt Investments - bonds	-	69,701,951	-	69,701,951
Real Estate Debt Investments - loans	2,801,843	-	63,993,616	66,795,459
Current assets				
Options held for trading	-	2,989,899	-	2,989,899
Forward foreign exchange contracts	-	67,386	-	67,386
Cash and cash equivalents	10,791,453	-	-	10,791,453
Other assets	-	9,038,315	-	9,038,315
Current liabilities				
Options held for trading	-	(878)	-	(878)
Forward foreign exchange contracts	-	(5,167)	-	(5,167)
Other liabilities	-	(2,003,861)	-	(2,003,861)
Non-current liabilities				
Preference shares	(41,619,071)	-	-	(41,619,071)
	(28,025,775)	**79,787,645**	**63,993,616**	**115,755,486**

As at 31 March 2014:	**Level 1 31-Mar-14 GBP**	**Level 2 31-Mar-14 GBP**	**Level 3 31-Mar-14 GBP**	**Total 31-Mar-14 GBP**
Non-current assets				
Real Estate Debt Investments - bonds	-	85,124,008	-	85,124,008
Real Estate Debt Investments - loans	-	-	48,392,943	48,392,943
Current assets				
Options held for trading	-	1,587,027	-	1,587,027
Forward foreign exchange contracts	-	274,079	-	274,079
Cash and cash equivalents	18,346,637	-	-	18,346,637
Other assets	-	3,270,188	-	3,270,188
Current liabilities				
Options held for trading	-	(230,756)	-	(230,756)
Credit default swaps	-	(309,622)	-	(309,622)
Other liabilities	-	(2,675,409)	-	(2,675,409)
Non-current liabilities				
Preference Shares	(41,563,920)	-	-	(41,563,920)
	(23,217,283)	**87,039,515**	**48,392,943**	**112,215,175**

Notes to the Condensed Unaudited Financial Statements (continued)

For the six months ended 30 September 2014

10. Valuation of Financial Instruments (continued)

The following table analyses within the fair value hierarchy the Cell's financial assets and liabilities measured at fair value at the period/year end date:

As at 30 September 2014:	**Level 1 30-Sept-14 EUR**	**Level 2 30-Sept-14 EUR**	**Level 3 30-Sept-14 EUR**	**Total 30-Sept-14 EUR**
Non-current assets				
Investments at fair value through profit or loss	-	-	-	-
Current assets				
Cash and cash equivalents	13,419,437	-	-	13,419,437
Other assets	-	4,855,350	-	4,855,350
Current liabilities				
Other liabilities	-	(170,581)	-	(170,581)
	13,419,437	**4,684,769**	**-**	**18,104,206**

As at 31 March 2014:	**Level 1 31-Mar-14 EUR**	**Level 2 31-Mar-14 EUR**	**Level 3 31-Mar-14 EUR**	**Total 31-Mar-14 EUR**
Non-current assets				
Investments at fair value through profit or loss	-	-	9,375,888	9,375,888
Current assets				
Cash and cash equivalents	1,143,441	-	-	1,143,441
Other assets	-	53,438	-	53,438
Current liabilities				
Other liabilities		(55,307)	-	(55,307)
	1,143,441	**(1,869)**	**9,375,888**	**10,517,460**

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

The fair value of options is their quoted market price at the reporting date. These are included in Level 2 of the fair value hierarchy.

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

The fair values of investments that trade in markets that are not considered to be active but are valued based on quoted market prices, dealer quotations or alternative pricing sources supported by observable inputs are classified within Level 2. These include investment-grade corporate bonds (Real Estate Debt Instruments) and over-the-counter derivatives.

As Level 2 investments include positions that are not traded in active markets and/or are subject to transfer restrictions, valuations may be adjusted to reflect illiquidity and/or non-transferability, which are generally based on available market information.

At 30 September 2014, the investment manager is not aware of any significant movement in the market rates, any indications of impairment, significant credit events or significant negative performance of the underlying property structures, which might affect the fair value of the loans. Accordingly, the Investment Manager has determined that amortised cost reflects the fair value of these loans.

10. Valuation of Financial Instruments (continued)

Whilst no defaults in the underlying investments are expected, a 1% increase in interest rates would increase the fair value by £2,438,154 and decrease net profit by an equal amount; an equal change in the opposite direction would increase the equity of the Core and increase net profit by an equal amount.

The Core has made loans into structures to gain exposure to real estate secured debt in the UK and Germany. These loans are not traded in an active market and there are no independent quotes available for these loans. Such holdings, with the exception of 1 position, are classified as Level 3 investments. The fair value of these loans are linked directly to the value of the real estate loans the underlying structures invests in, which are determined based on modelled expected cash flows (drawdown principal and interest repayments, and maturity dates) with effective yields ranging from 8% to 17.6% (the unobservable input).

Fair value of the real estate loans is adjusted for changes in the credit quality of the borrower and underlying property collateral, and changes in the market rate on similar instruments. On origination of the loan, the Investment Manager performs due diligence on the borrower and related security / property. This includes obtaining a valuation of the underlying property (to assess loan-to-value of the investment). In most instances the terms of the loan require periodic re-valuation of the underlying property to check against loan-to-value covenants.

With the exception of one position which has been held at fair value of EUR Nil since inception of the Cell, the remaining Residual Income Positions held in the Cell were sold during the period and no sensitivity analysis is presented. At 31 March 2014, the fair values of investments in Residual Income Positions held by the Cell, for which there was no active market, were calculated using valuation models. The model used discounted cash flow analysis which incorporated both observable and non-observable data. Observable inputs included broker marks where applicable and prices of comparable assets. Unobservable inputs included assumptions regarding expected future default rates, prepayment rates and market liquidity discounts. The fair value of such instruments was included within Level 3. The Loan Note instruments held by the Company in Stornoway are at an equivalent contractual rate to the underlying loans.

The Company's investments in Loans are made though a Luxembourg based entity Stornoway Finance SARL via Loan Note instruments. As and when market information becomes available such as market prices from recognised financial data providers, the Company will assess the impact on the portfolio of loans which it holds and whether there are any transfers between levels in the fair value hierarchy. There were no transfers between Level 1 and Level 2 or between Level 2 and Level 3 during the period ended 30 September 2014 or during the year ended 31 March 2014. One of the Real Estate Debt Investments (Loans) held by the Core transferred from Level 3 to Level 1 during the period as the underlying asset is a listed equity and marked to market at each valuation point.

Notes to the Condensed Unaudited Financial Statements (continued)
For the six months ended 30 September 2014

10. Valuation of Financial Instruments (continued)

Level 3 reconciliation

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

Financial assets designated at fair value through profit or loss	**Level 3 Core 30-Sept-14 GBP**	**Level 3 Cell 30-Sept-14 EUR**
Opening Balance	48,392,943	9,375,888
Total gains and losses recognised in the statement of comprehensive income for the period	217,044	16,365,669
Purchases	56,412,031	-
Sales	(38,226,559)	(25,741,557)
Transfers into Level 1	(2,801,843)	-
Closing balance	**63,993,616**	**-**
Unrealised loss on investments classified as Level 3 at period end	**(611,684)**	**-**

Financial assets designated at fair value through profit or loss	**Level 3 Core 31-Mar-14 GBP**	**Level 3 Cell 31-Mar-14 EUR**
Opening Balance	19,990,766	12,588,496
Total gains and losses recognised in the statement of comprehensive income for the period	(1,286,189)	(1,560,417)
Purchases	45,891,794	-
Sales	(16,203,428)	(1,652,191)
Closing balance	**48,392,943**	**9,375,888**
Unrealised loss on investments classified as Level 3 at year end	**(1,264,554)**	**(774,881)**

11. Derivative contracts

The Company has credit exposure in relation to its derivative contracts. The Company was invested in derivative contracts with Goldman Sachs at 30 September 2014 and 31 March 2014 :

Rating	**30-Sept-2014 GBP**	**31-Mar-2014 GBP**
Goldman Sachs – S&P Rating A (Derivatives)	3,051,240	1,320,728

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

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

Notes to the Condensed Unaudited Financial Statements (continued)

For the six months ended 30 September 2014

11. Derivative contracts (continued)

The derivative assets and the derivative liabilities are subject to master netting agreements in place with the counterparties used by the Company. However, none of the derivative assets or the derivative liabilities are offset in the Statement of Financial Position. Below are the derivative assets and liabilities by counterparty and details of the collateral received and pledged by Company as at 30 September 2014:

Derivative Type	Counterparty	Value of derivative assets GBP	Collateral received GBP	Collateral Received GBP	Net (if greater than zero) GBP
Options purchased	Goldman Sachs	2,989,899	-	(936,380)	2,053,519
Forward foreign exchange contracts	Goldman Sachs	67,386	-	-	67,386

Derivative Type	Counterparty	Value of derivative liabilities GBP	Collateral received GBP	Collateral Pledged GBP	Net (if greater than zero) GBP
Options written	Goldman Sachs	(878)	-	-	(878)
Forward foreign exchange contracts	Goldman Sachs	(5,167)	-	-	(5,167)

Below are the derivative assets and liabilities by counterparty and details of the collateral received and pledged by Company as at 31 March 2014:

Derivative Type	Counterparty	Value of derivative assets GBP	Collateral received GBP	Collateral Pledged GBP	Net (if greater than zero) GBP
Options purchased	Goldman Sachs	1,587,027	-	-	1,587,027
Forward foreign exchange contracts	Goldman Sachs	274,079	-	-	274,079

Derivative Type	Counterparty	Value of derivative liabilities GBP	Collateral received GBP	Collateral Pledged GBP	Net (if greater than zero) GBP
Options written	Goldman Sachs	(230,756)	-	230,756	-
Credit Default Swaps	Goldman Sachs	(309,622)	-	309,622	-

12. Segmental Reporting

The Company has adopted IFRS 8 'Operating Segments'. The standard requires a 'management approach', under which segment information is presented on the same basis as that used for internal reporting purposes.

Whilst the Investment Manager may make the investment decisions on a day to day basis regarding the allocation of funds to different investments, any changes to the investment strategy or major allocation decisions have to be approved by the Board, even though they may be proposed by the Investment Manager. The Board retains full responsibility as to the major allocation decisions made on an ongoing basis and is therefore considered the "Chief Operating Decision Maker" under the IFRS 8.

The Company has two reportable segments, being the Core and the Cell.

Notes to the Condensed Unaudited Financial Statements (continued)

For the six months ended 30 September 2014

12. Segmental Reporting (continued)

The Core invests in Real Estate Debt Investments. The real estate debt strategy focuses on secured residential and commercial debt in the UK and Western Europe, seeking to exploit opportunities in publicly traded securities and real estate loans.

During the period, all of the Residual Income Positions held by the Cell were sold with the exception of one position which has been held at a fair value of EUR Nil since the inception of the Cell. Prior to the sale, the Cell held Residual Income Positions, which are legacy assets of an investment policy which is no longer pursued by the Company.

For each of the segments, the Board of Directors reviews internal management reports prepared by the Investment Manager on a quarterly basis. The Investment Manager has managed each of the Real Estate Debt Investments and Residual Income Positions as part of either the Core or Cell investment policy respectively, with the view of monitoring performance of the Core and Cell separately.

Information regarding the results of each reportable segment is included below. Performance is measured based on segment profit/(loss), as included in the internal management reports that are reviewed by the Board of Directors. Segment profit/(loss) is used to measure performance as management believes that such information is the most relevant in evaluating the results.

6 month period ended 30 September 2014:	**Core**	**Cell**	**Total**
	30-Sept-14	**30-Sept-14**	**30-Sept -14**
	GBP	**EUR**	**GBP**
Reportable segment profit	7,472,510	15,929,291	20,318,712

6 month period ended 30 September 2013:	**Core**	**Cell**	**Total**
	30-Sept -13	**30-Sept-13**	**30-Sept-13**
	GBP	**EUR**	**GBP**
Reportable segment profit/(loss)	3,937,726	(1,173,843)	2,937,192

As at 30 September 2014	**Core**	**Cell**	**Total**
	30-Sept-14	**30-Sept-14**	**30-Sept-14**
	GBP	**EUR**	**GBP**
Reportable segment assets	159,384,463	18,274,787	173,624,738

As at 31 March 2014	**Core**	**Cell**	**Total**
	31-Mar-14	**31-Mar-14**	**31-Mar-14**
	GBP	**EUR**	**GBP**
Reportable segment assets	156,994,882	10,572,767	165,735,494

Information regarding the basis of geographical segments is presented in the Investment Manager's Reports and is based on the countries of the underlying collateral.

All segment revenues are from external sources. There are no inter-segment transactions between the reportable segments during the period. The reportable segment profit/(loss) of both the Core and the Cell is equal to the profit of the Company and the reportable segment assets of both the Core and the Cell are equal to the total assets of the Company.

Notes to the Condensed Unaudited Financial Statements (continued)

For the six months ended 30 September 2014

12. Segmental Reporting (continued)

The following is a summary of the movements in the Company's investments analysed by the Core and Cell for the period ended and as at 30 September 2014:

As at 30 September 2014:	**Core 30-Sept-14 GBP**	**Cell 30-Sept -14 EUR**	**Total 30-Sept -14 GBP**
Investments at fair value through profit or loss			
Opening fair value	**133,516,951**	**9,375,888**	**141,268,091**
Purchases	61,564,523	-	61,564,523
Sales proceeds	(61,806,415)	(25,741,557)	(82,565,735)
Realised gain on sales*	2,593,494	12,135,603	12,380,271
Net movement in unrealised gains on investments at fair value through the profit or loss*	920,406	4,230,066	4,331,750
Principal paydowns	(291,549)	-	(291,549)
Foreign currency translation adjustment	-	-	(189,941)
Closing fair value	**136,497,410**	**-**	**136,497,410**

*Excludes effective interest adjustment of £1,664,963 for the period ended 30 September 2014, which has been included in the Interest Income in the Statement of Comprehensive Income.

The following is a summary of the movements in the Company's investments analysed by the Core and Cell as at 31 March 2014:

As at 31 March 2014:	**Core 31-Mar-14 GBP**	**Cell 31-Mar-14 EUR**	**Total 31-Mar-14 GBP**
Investments at fair value through profit or loss			
Opening fair value	**94,573,642**	**12,588,496**	**105,219,281**
Purchases	114,637,229	-	114,637,229
Sales proceeds	(79,880,882)	(1,899,865)	(81,483,315)
Realised gain on sales*	14,772,930	(6,078,432)	9,646,104
Net movement in unrealised gains/(losses) on investments at fair value through the profit or loss*	(8,612,794)	4,518,015	(4,802,095)
Principal (paydowns)/payups	(1,973,174)	247,674	(1,764,274)
Foreign currency adjustment	-	-	(184,839)
Closing fair value	**133,516,951**	**9,375,888**	**141,268,091**

* Excludes effective interest rate adjustment of £4,551,411 for the year ended 31 March 2014, which has been included in the Interest Income in the Statement of Comprehensive Income.

13. Collateral

The Core held £936,680 (31 March 2014: £1,213,642) as cash collateral for financial derivative instruments transactions undertaken with Goldman Sachs. This collateral also represents an obligation on the Core to repay Goldman Sachs on settlement of the financial derivative instrument and is not included in the Statement of Financial Position of the Core. As this amount is the minimum deemed by the brokers for collateral requirements the cash is restricted and is reported separately by means of this note only.

14. Contingent liability

The Cell's income and assets may have been called upon under the Inter-Cellular Agreement to satisfy the liabilities relating to the distribution of Preference Dividends and/or the Final Capital Entitlement where the Core Assets were insufficient to meet these liabilities.

Notes to the Condensed Unaudited Financial Statements (continued)

For the six months ended 30 September 2014

14. Contingent liability (continued)

The Directors have considered that the Core's income and assets are sufficient to satisfy the Preference Dividends and/or Final Capital Entitlement and it is not probable that the Cell's income and assets will be called upon and accordingly no provision has been made in the Cell's financial statements. As the investment positions of the Cell have been sold and the proceeds distributed to the Cell Shareholders, the terms of the Inter-Cellular Agreement will no longer apply.

15. Material agreements and related party transactions

Loan investments

The Company has made, and will continue to make, certain loan investments through a Luxembourg based entity Stornoway Finance SARL. This entity has separate compartments for each loan deal. Other funds also managed by the Investment Manager invest pari passu in these compartments. Any loans not co-invested on a pari passu basis will be noted separately as per above.

Investment Manager

The Company and Trebuchet Finance Limited are parties to an Investment Management Agreement with the Investment Manager (a related party), dated 8 December 2005, pursuant to which both the Company and Trebuchet Finance Limited have appointed the Investment Manager to manage their respective assets on a day-to-day basis in accordance with their respective investment objectives and policies, subject to the overall supervision and direction of their respective Boards of Directors.

The Company pays Cheyne Capital Management (UK) LLP (the "Investment Manager") a Management Fee and Incentive Fee.

Management Fee

Under the terms of the Investment Management Agreement, the Investment Manager is entitled to receive from the Company an annual Management Fee of 1.25% on the gross asset value of the Core Ordinary Shares.

During the period ended 30 September 2014, the Management Fee totalled £1,058,116 (period ended 30 September 2013: £1,040,930), of which £183,337 (31 March 2014: £78,943) was outstanding at the period end.

Performance Fee

On 16 October 2013, a new Prospectus was issued and the incentive fee was replaced by a performance fee calculated as ((A-B) x 20% x C) where:

A = the Adjusted Performance Net Asset Value ("NAV"), as defined in the updated Prospectus.

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

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

As the Performance Period (as defined in the Prospectus) is from 11 November 2013, this has the effect of resetting the NAV on which the Hurdle Rate will be determined.

15. Material agreements and related party transactions (continued)

Performance Fee (continued)
During the period ended 30 September 2014, the Performance Fee totalled £820,077 (period ended 30 September 2013: £Nil), of which £820,077 (31 March 2014: £Nil) was outstanding at the period end.

Administration Fee
Under the terms of the Administration Agreement, the Administrator is entitled to receive from the Company an administration fee of 0.125 % of the gross asset value of the Company up to £120,000,000 and 0.0375 per cent of the gross asset value of the Company greater than £120,000,000, plus additional fees in relation to transaction fees, statutory reporting, corporate secretarial fees and other out of pocket expenses. State Street Fund Services (Ireland) Limited, the Sub-Administrator, is paid by the Administrator. The above is subject to a minimum monthly fee of 10,000. During the period ended 30 September 2014 the administration fee totalled £119,178 (30 September 2013: £117,116), of which £14,627 (31 March 2014: £23,022) was outstanding at the period end.

Custodian Fee
Under the terms of the Custodian Agreement, the Custodian is entitled to receive from the Company a custodian fee of 0.03 per cent of the gross asset value of the Company up to €80,000,000 and 0.02 per cent of the gross asset value of the Company greater than €80,000,000.

Investment Manager Options
In recognition of the work performed by the Investment Manager in raising capital for the Company, the Company granted to Cheyne Global Services Limited on 8 December 2005 options representing the right to acquire 2,250,000 Shares, being 10 % of the number of Offer Shares (that is, excluding the Shares issued to Cheyne ABS Opportunities Fund LP and the Shares issued to the Directors), at an exercise price per share equal to the Offer Price (€10.23). The Investment Manager Options are fully vested and immediately exercisable on the date of admission to the London Stock Exchange and will remain exercisable until the 10th anniversary of that date.

The aggregate fair value of the options granted at the time of the Initial Public Offering using a Black-Scholes valuation model was €7,672,500 (reflecting a valuation of €3.41 per option). This amount has been treated as a cost of the Initial Public Offering. As at 30 September 2014, these options were out of the money as the share price was below the Offer Price of €10.23 (31 March 2014: share price was also below the Offer Price of €10.23). As such there was no dilution as at 30 September 2014 as the average share price for the period then ended was below the option exercise price.

The Company may grant further Investment Manager Options in connection with any future offering of Shares. Such options, if any, will represent the right to acquire Shares equal to not more than 10 per cent of the number of Shares being offered in respect of that future offering and will have an exercise price equal to the offer price for that offering.

16. Contingencies and commitments

The Company has committed up to GBP 92.6 million into loans through Stornoway Finance SARL. As at 30 September 2014, it had funded GBP 70 million of this commitment, (31 March 2014: GBP 73 million commitment or which GBP 51 million was funded).

17. Significant events during the period

A supplementary Prospectus was issued on 18 June 2014. The purpose of this supplement was to provide updated key financial information for the year ended 31 March 2014.

17. Significant events during the period (continued)

On 31 July 2014, 73% of the Cell's issued share capital was redeemed by way of compulsory redemption of Cell Shares following the sale of the Company's position in Magellan. The Redemption was effected pro rata to holdings of Cell Shares on the register at the close of business on the Redemption Date and the aggregate payment made to Cell Shareholders was EUR 7,849,996. All of the Cell Shares redeemed on the Redemption Date were cancelled.

18. Subsequent events

Following the sales of the remaining assets of the Cell portfolio, with the exception of one position which has been held at a fair value of EUR Nil since inception of the Cell, the Directors announced a distribution from the recent assets sales and the redemption of the notes. The remaining position will continue to be held for the moment. It is the Directors intention to wind up Trebuchet.

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

19. Foreign exchange rates applied to combined totals shown in the condensed unaudited financial statements

The following foreign exchange rates relative to the GBP were used as at the period/year end date:

Currency	**30-Sept-2014**	**31-Mar-2014**
EUR	1.28332	1.2096
US Dollar	1.62115	1.6671

The following average exchange rates relative to GBP were used in the preparation of the financial statements

Currency	**30-Sept-2014**	**31 Mar 2014**
EUR	1.24378	1.1856

20. Approval of the Condensed Unaudited Financial Statements

The condensed unaudited financial statements of the Company were approved by the Directors on XX November 2014.

REAL ESTATE CREDIT INVESTMENTS LIMITED

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Talmai Morgan
Christopher Spencer
Mark Burton

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