ICG-Longbow Senior Secured UK Property Debt Investments Limited

Interim Report and Unaudited Condensed Interim Financial Statements

For the six months ended 31 July 2024

Company Number: 55917

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All capitalised terms are defined in the Glossary of Capitalised Defined Terms on page 22 unless separately defined.

ICG LONGBOW

FINANCIAL HIGHLIGHTS

KEY DEVELOPMENTS

- The Company is continuing to progress an orderly realisation of its assets. As at the date of this report, the assets securing all three of the remaining Investments have been marketed for sale. One is under offer; due diligence is ongoing on a second; and a bidding process is underway on the third.
- All remaining loans are, or have been, subject to formal enforcement processes. The RoyaleLife ownership and operations have been restructured and the Investment Manager and lenders are supporting the new operator, who continues to pursue an organic business plan to drive income and to enhance the value of the underlying portfolio assets.
- As a consequence of recent bidding evidence on the properties securing the Company's loans, and the expected time frames for realisation, the Company has made further adjustments to the ECL provisions across the portfolio, which has reduced NAV per share by 1.55 pence.
- Total loans outstanding at amortised cost plus interest receivable, excluding ECL adjustments, amount to £67.46 million as at 31 July 2024.

PERFORMANCE

- NAV of £34.35 million as at 31 July 2024 after ECL adjustments of £(35.54 million) (31 January 2024: £36.22 million after ECL adjustments of £(32.48 million)), (31 July 2023: £55.37 million after ECL adjustments of £(21.32 million)).
- NAV per share as at 31 July 2024 of 28.32 pence (31 January 2024: 29.86 pence), (31 July 2023: 45.64 pence).
- Loss after tax of £1.87 million for the six months ended 31 July 2024 (31 July 2023: £14.71 million).
- Loss per share for the period of 1.55 pence (31 July 2023: 12.13 pence).

DIVIDEND

- In line with the Board's recent guidance, no dividends were declared or paid in the six months to 31 July 2024 (six months to 31 July 2023: 0.50 pence per share).

INVESTMENT PORTFOLIO

- As at 31 July 2024, the Company's investment portfolio comprised three loans with an aggregate principal balance of £57.75 million, and a carrying value after provision for ECL of £31.91 million (31 January 2024: three loans with an aggregate principal balance of £58.01 million, and a carrying value of £33.64 million).
- The Company is realising the remaining investments, largely through enforcement processes controlled by administrators or receivers. The Investment Manager continues to progress asset management initiatives alongside these parties while working towards sales and realisations.

* Unless stated otherwise, loan balances are stated gross of ECL provisions for impairment. A comparison to the carrying value of the loans is set out in Note 4 to the accounts.

CORPORATE SUMMARY

INVESTMENT OBJECTIVE

In line with the revised Investment Objective and Policy approved by shareholders at the Extraordinary General Meeting in January 2021, the Company is undertaking an orderly realisation of its investments.

STRUCTURE

The Company is a non-cellular company limited by shares incorporated in Guernsey on 29 November 2012 under the Companies Law. The Company's registration number is 55917, and it has been registered with the GFSC as a registered closed-ended collective investment scheme. The Company's ordinary shares were admitted to the premium segment of the FCA's Official List and to trading on the Main Market of the London Stock Exchange as part of its IPO which completed on 5 February 2013. The issued capital comprises the Company's ordinary shares denominated in Pounds Sterling. Following the dissolution of ICG Longbow Senior Debt S.A. on 18 January 2022, the Company assumed the assets and liabilities of its former subsidiary.

INVESTMENT MANAGER

The Company has appointed ICG Alternative Investment Limited as external discretionary investment manager, under the Alternative Investment Fund Managers Directive (AIFMD), within a remit set by the Board.

CHAIRMAN'S STATEMENT

JACK PERRY CHAIRMAN

INTRODUCTION

On behalf of the Board, I present the Unaudited Interim Financial Statements for the Company for the six months ended 31 July 2024.

In prior reports over the last two years, I have highlighted the consistently difficult market conditions for exiting investments, driven by some of the lowest levels of transaction volumes seen since the financial crisis. During the reporting period the situation has not materially improved, as the Investment Manager reports below, albeit a reduction in benchmark interest rates and a new Government in the UK seems to have provided the foundations for some emerging liquidity and improving sentiment in the second half of the financial year. Many of you will have seen evidence of this in the listed REIT sector, where there has been a significant volume of corporate activity in recent weeks.

The Company's three remaining investments with a total principal balance outstanding of £57.75 million (before impairment), are largely being managed and realised through enforcement processes. At the time of writing the Southport asset is under offer for sale. Detailed due diligence is continuing with respect to a potential sale of the RoyaleLife portfolio, whilst an offer has been received and more are expected in respect of the Affinity asset.

As the Company's remaining investments are impaired, the only plausible exit route is through sale of the underlying assets or the loans themselves, rather than a refinancing. This means the Company is entirely reliant on a liquid investment market in order to exit with, regrettably, the potential for protracted realisation processes, or the risk of further impairment if conditions deteriorate.

Despite this difficult backdrop, the Investment Manager has made some progress towards exits during the period. The Southport hotel asset has been subject to competitive bidding and, at the time of writing, is under offer to a credible counterparty at a level in excess of the carrying value of the loan.

The portfolio securing the RoyaleLife investment remains subject to a bid from an institutional buyer, albeit the due diligence process has been protracted. As a result, the Investment Manager's operating partner continues actively to manage the portfolio under a new platform and relaunched brand, as set out further below. Supporting the build out of this platform has formed a key part of the Investment Manager's efforts during the period and is considered critical in preventing further value erosion of the investment and laying the foundations for future growth.

The asset securing the Affinity loan was relaunched for sale during the reporting period, with an initial bid received and further bids expected shortly. The Investment Manager continues to pursue low-cost asset management initiatives around leasing, planning and refurbishment with a view to enhancing the attractiveness of the investment to potential buyers.

While the Board has been encouraged by some of this progress, we are acutely aware that no sales were completed in the period, and that many shareholders remain impatient to see capital returned and the Company wound up. Shareholders should be assured that the Board is firmly aligned to this, and continues to apply close scrutiny of the Investment Manager's progress. Members of the Board now regularly join as observers in meetings with selling agents and other professionals. Shareholders will also recall that the reduction in the Investment Manager's fee rate became effective during the period, which has resulted in significant cost savings.

Speed of realisation nonetheless needs to be balanced against the need to secure appropriate value from the remaining assets, as many of you have made clear to me in our discussions over recent months.

VALUATION AND IMPAIRMENT

As set out in our annual report and accounts issued in May, the Board and Investment Manager carefully considered the expected realisable value of its remaining investments, balancing the range of expected proceeds and also the target timeframe for returning capital to investors.

The Board has revised its expectations of realisable value and transaction timing in light of the most recent market evidence and taking into account the prevailing market conditions, and has revised its ECL provisions accordingly. The Board has also considered the sensitivity to both price movements and timings as set out in note 4 to the accounts.

CHAIRMAN'S STATEMENT (CONTINUED)

Emerging bidding evidence on the assets securing the portfolio loans and the requirement under accounting standards to provide against unpaid interest has led to the following adjustments to the ECL (Expected Credit Loss) provisions on the remaining investments, as follows:

- RoyaleLife – an additional ECL provision of £1.02 million, driven solely by a change to the projected time frame for full realisation.
- Southport – a reduction in the ECL provision of £0.28 million, driven by an improved bid for the asset and adjustment to the anticipated time frame for completion.
- Affinity – an additional ECL provision of £2.32 million, reflecting market demand for regional offices, initial bidding interest for the property and an adjustment to the income profile and projected time frame for realisation.

In aggregate, therefore, ECL provisions totalling net £3.07 million have been charged in the reporting period – £1.48 million related to loan principal and £1.59 million in respect of accrued default interest. The net impact on NAV being £1.48 million.

The net impact of trading and all adjustments to ECLs during this six month period equates to a diminution of NAV of 1.55p per share.

REVENUE AND PROFITABILITY

Accrued income from the loan portfolio for the period totalled £1.59 million (31 July 2023: £3.11 million), however this is largely offset by a provision for ECL in relation to such interest. After accounting for impairments, the Company realised a loss for the period of £1.87 million (31 July 2023: loss of £14.71 million).

Losses per share for the period were 1.55 pence (31 July 2023: loss of 12.13 pence), reflecting further provisions of expected credit losses recognised against the remaining portfolio loans. Details of the ECL provisions are set out in the notes to the condensed accounts.

DIVIDEND AND RETURN OF CAPITAL

As previously reported to shareholders, the Company will only look to declare dividends when cashflow and profits prudently allow. No dividends were paid in the period and the Board does not envisage the declaration of any dividends henceforth.

No capital distribution was made during the period and the level and pace of capital returns will be dictated by the realisation of the remaining loans.

NAV AND SHARE PRICE PERFORMANCE

The Company's NAV decreased to £34.35 million as at 31 July 2024 (31 January 2024: £36.22 million), largely as a result of the increase in ECL provisions detailed above.

The Company's share price ended the period at 19.65 pence per share, down from 21.30 pence as at 31 January 2024. The share price reflected, at period end, a 30.61% discount to the Company's NAV.

OUTLOOK

The UK Property market has experienced an extremely challenging period with very limited liquidity in many sectors and significant bid-ask spreads. While consequent transaction volumes have been low, there are now some signs that a correction in values, combined with an emerging sense that the worst might be over, has led to tentative optimism in previously moribund parts of the market.

The Company has seen some signs of this in its own remaining portfolio. After a lengthy marketing campaign, the Southport asset has been subject to competing bids; initial interest has also been received in the Affinity office asset and further bids are expected shortly. The RoyaleLife portfolio has gone through an extremely challenging period in administration, and following a sale and debt restructure the recent relaunch of sales under new branding should help improve trading and, in time, make the portfolio more attractive to a wider range of purchasers.

I must be clear with shareholders that exiting the remaining assets will continue to be challenging. Any improvement in market conditions is unlikely, in the near term, to lead to material changes to asset valuations and increased recoveries, but may result in an acceleration of realisation time frames and greater execution certainty as more buyers emerge. The Board recognises that shareholders do not expect the loans to be held for the long term in the hope of pricing recovery but is equally mindful of the need to avoid being a forced seller.

I would like to thank shareholders for their ongoing patience which I hope will bear fruit in the coming period. The Board remains focused on protecting and enhancing shareholder value and delivering returns of capital in the best manner possible.

JACK PERRY
Chairman

3 October 2024

INVESTMENT MANAGER'S REPORT

SUMMARY

As at 31 July 2024 the Company had three investments remaining, which are largely being managed and realised through enforcement processes. This report provides a summary update on the realisation process for each investment, and steps being taken by ICG Real Estate to secure those outcomes.

PORTFOLIO

Portfolio statistics	31 July 2024	31 January 2024	31 July 2023
Number of loan investments	3	3	4
Aggregate principal advanced	£57,754,806	£58,007,806	£57,967,370
Aggregate carrying value after ECL	£31,913,445	£33,639,051	£44,612,344
Cash held	£2,791,562	£2,945,897	£11,348,746

INVESTMENT UPDATE

Southport – Hotel

The hotel securing the Company's Southport loan continues to be run by the administrator, through a specialist hotel operating partner and local management team.

As previously reported the asset has been on the market for sale for an extended period, with a previously agreed purchase aborting in 2023 which necessitated remarketing in 2024.

While the sales process has been protracted, during H1 2024 the level of interest increased and as a consequence the asset has seen an element of competitive bidding, at pricing levels in excess of the carrying value of the loan. In September the administrator placed the property under offer and entered into a period of exclusivity with a north-west based property company, with no onerous conditions attached to the bid. While there is no assurance this transaction will complete, this represents positive progress toward a potential exit of this investment.

During the reporting period, and following a request from the administrator, the Company determined to provide a further £0.3 million of funding to support working capital and allow for continued investment in the asset during the sales process.

RoyaleLife – Bungalow Parks

In January we concluded, through the administrator, the sale of the sites into a new structure with a new operator, as reported to shareholders in our Annual Report and Accounts. The existing loan has thus been restructured and fully cross-collateralised with another security portfolio, previously financed by the Company's co-lenders, being private funds advised by the Investment Manager. This has provided shareholders with a more diversified portfolio, and the business has now been relaunched under the 'Regency Living' brand, with the operator in the early stages of implementing a comprehensive organic plan to rebuild the business and enhance the portfolio.

During the reporting period we have had consistent interest in the portfolio from an institutional buyer which initially submitted a fully approved, all-cash bid for 29 of the 35 sites. This party subsequently submitted a follow-on bid for the remaining six sites.

In recent weeks the due diligence process for the acquisition has become protracted and, while we have been responsive to enquiries, the Investment Manager is not prepared to continue with this process indefinitely. As a consequence, on behalf of the Company and its co-lenders, we are now accelerating our work with the operators to enhance the business, platform and portfolio for the longer term.

Affinity – Office

As shareholders will be aware a Law of Property Act (LPA) Receiver was appointed over this Bristol office property in H2 2023, and the Investment Manager has worked closely with them on the management and marketing strategy during the course of H1.

While transactional activity for regional offices has remained subdued, we launched the asset to market in early July 2024. Initial interest has been reasonably robust with multiple viewings, albeit many prospective bidders are considering the asset for future alternative uses rather than as a long-term office investment, and as such there is a high level of scrutiny on the appetite of the Council (who are the freeholder) to support a change of use.

The selling agents have received one initial bid for the asset, with further bids expected shortly. There is, however, no assurance that any final bids will be at levels acceptable to the Company, or that a sale will conclude. Nonetheless, in light of the emerging bidding evidence, along with agency guidance and a change to the expected timeframe for realisation, the Company has determined to make a further ECL provision of £2.32 million on the investment.

The receiver continues actively to market the remaining vacant space within the property and, where possible, seek lease renewals or regears with in-place tenants. A key lease renewal was completed during the period, albeit another major tenant downsized their space within the building. The Company received distributions from the asset totalling £0.6 million during the reporting period, which have been applied in reduction of the principal balance of the loan, with the balance of rental income being retained by the LPA Receiver for working capital purposes. A further £0.4 million distribution was received after period end.

INVESTMENT MANAGER'S REPORT (CONTINUED)

RECONCILIATION OF CHANGES IN BOOK VALUE

Project	Balance outstanding (£m)	31 July 2024 Book Value after ECL (£m)	31 July 2024 Book Value per share (p)	31 January 2024 Book Value after ECL (£m)	31 January 2024 Book Value per share (p)	31 July 2023 Book Value after ECL (£m)	31 July 2023 Book Value per share (p)
Affinity	16.57	8.92	7.4	11.34	9.3	15.99	13.2
Southport	15.80	8.80	7.3	7.91	6.5	9.38	7.7
RoyaleLife	25.38	14.19	11.7	14.39	11.9	18.72	15.4
Northlands	–	–	–	–	–	0.52	0.4
Total	**57.75**	**31.91**	**26.4**	**33.64**	**27.7**	**44.61**	**36.7**

ECONOMY AND FINANCIAL MARKET UPDATE

Long awaited normalisation of inflation materialised in H1 2024, finally reaching the target 2.0% level in May. Whilst this offered relief to consumers, the picture underneath the headline rate showed a number of continuing challenges, such as stubborn services inflation. Much commentator discussion in H1 2024 centred around timing expectations of a first interest rate cut. Whilst hopes of early cuts were dashed by inflation, the continued (headline) downward trend did lay the foundations for a modest initial cut of 0.25% in August, although only by a slim Monetary Policy Committee majority of 5-4. Expectations for continued cuts in H2 remain uncertain on the basis of finely balanced economic data.

After 2023's frequent public sector strikes, the incoming Labour government added c. £10bn to the budget for public sector pay, agreeing above-inflation pay increases of 5-6%. Private sector pay continued to rise at just above inflationary levels, causing some to question the sustainability of low inflation numbers. This was underpinned by continued low and declining unemployment, lastly at 4.2% in Q2 2024.

H1 2024 also brought with it GDP growth, albeit modest (0.6% and 0.7% for Q1 and Q2 respectively) and the UK economy looked to be well positioned, growing at twice the rate of the Eurozone. After snap elections in early July, positive economic bulletins eased the first weeks in office for the UK's new government, however a tough budget is anticipated which may cause continued market upheaval in the months ahead.

OCCUPATIONAL DEMAND/SUPPLY

The office market stood steady at c. 8 million sq ft of take up and 60 million sq ft of availability in H1 2024. Behind these figures, demand for the best quality office space within well located, high specification, and sustainable buildings remains strong. By contrast, second hand supply stands above its historic average. In total, 9.1 million sq ft of office developments are expected to complete in 2024, an above average level of completions, albeit 40% of this space is already pre-let or under offer. Acquisitions of offices for change of use are increasing, with over £400 million acquired for this purpose in Central London alone over H1 2024.

Within the industrial market, sector wide vacancy stood at 5.75% at end H1 2024, approximately 150 bps higher than in June 2023, and mainly comprised of second-hand space. Prime rental growth also halved on a trailing twelve-month basis, to 7.8%, however this remains robust, and most regions are still showing growth. Completions slowed with space under construction down 45% against last year, with an expectation that vacancy at year end will remain below the long-term average, allowing the sector to retain its positive supply/demand dynamics.

Improving consumer confidence in H1 2024 contributed to a stabilising retail market, and all-retail vacancy holding at 11.7%. Best in class assets on retail parks and key London streets have seen vacancy compress further, creating competition and driving rents. Distress appears limited to a few high-profile names (e.g. Ted Baker), and e-commerce share of the market remained stable.

In the hotel sector, London's occupancy has now returned to pre-Covid-19 levels, whilst in the regions, it is only slightly below. According to HotStats, UK wide TRevPAR (total revenue per available room) was 10% higher in the year to March 2024 than the prior period, albeit food + beverage revenues were largely flat and conference and banqueting revenues down. Occupancy has largely been lower in the major regional markets (down 10% in Manchester and Glasgow) but average room rate growth has helped the top line. Profit margins improved over H1 2024, with a fall in utilities expenses and increased efficiencies through higher occupancy trickling down, but cost pressures remain, particularly in wages.

PROPERTY INVESTMENT MARKET

After a subdued 2023, the UK investment market in H1 2024 brought some relief in the form of transaction volume growth, albeit from a very low base. A total of £22.1bn transacted, a 35% increase on a trailing 12-month basis, however the picture at asset class level differed vastly.

The bifurcation of office assets and markets between prime and secondary stock remained firmly in place, with no movement in prime yields over the last half year, but outward pressure remaining in provincial markets, particularly for secondary stock. Market liquidity has focused on smaller lot sizes.

H1 2024 industrial investment volume totalled £2.6bn, with expectations of full year volumes on par with 2023. After moving out to 5.25% at end 2023, an improving market in H1 2024 generated sufficient downward pressure to push prime yields back to 5.0%. Multi-let transactions dominated, and the South East accounted for both the highest transaction volumes on a trailing 12 month and Q2 2024 basis. Given prime industrial yields remain in line with the Bank of England base rate, no significant change in pricing is expected until interest rates and debt costs reduce.

Both retail warehousing and food stores remained attractive from an investment perspective, with prime yields sharpening 50 bps over the last six months to 5.50% and expected to further benefit from interest rate cuts. Total investment volumes remain low, with a lack of available stock hampering transactions, however trailing 12-month volume of £1.5bn, in line with offices (£1.6bn) or hotels (£1.5bn) shows growing confidence in the sector.

INVESTMENT MANAGER'S REPORT (CONTINUED)

The first half of 2024 brought an unusual hotel investment market. Headline investment volumes stood at their highest since 2018, however these numbers were bolstered by a handful of large portfolios trading into private equity hands – Village Hotels to Blackstone, the Edwardian Collection to Starwood, and Landsec's portfolio to Ares. Under the headline figures, very few single assets transacted, with market participants still seeking evidence for prevailing valuation levels.

FINANCE MARKETS

Net bank lending to commercial property rose at its fastest pace since 2021 in June 2024, with a net increase of £1.3bn, rounding out three consecutive rises in the quarter. July's result remained positive at a £540 million increase; however the focus remains almost entirely on standing assets after a sluggish start to the year. It is likely that a significant uptick in development finance may be required to meet the new government's ambitious housing targets going forward.

The increase in lending was reflected in the Bank of England's Q2 Credit Conditions Survey. The results showed a sharp upswing in availability of commercial real estate credit throughout H1 and going forward, pointing to market stabilisation. The key factor cited was a change in sector specific risks, which may point to an expectation that the UK CRE market has now rebased. For prime yields, latest yield tables show at least half of all sectors have stabilised, with interest rate cuts and cheaper financing being the only anticipated impetus for change.

In a sign of markets facing up to reality, the first losses on AAA CMBS bonds since the Global Financial Crisis were felt in June of this year on the Elizabeth Finance 2018 issuance. Seen more positively, this at least indicated a bid in the market for the underlying retail assets, being three regional UK shopping centres. One new CMBS deal priced in May 2024, backed by Blackstone UK logistics assets, showing continued dominance of the industrial sector and the resulting financing appetite for the sector and the Blackstone brand as sponsor.

PORTFOLIO OUTLOOK

In recent weeks there have been clear signs of liquidity emerging in parts of the property market. The proposed takeovers of Capital & Regional, Tritax Eurobox and Balanced Commercial Property Trust, by NewRiver Retail, SEGRO and Starwood respectively, have made headlines in the listed sector, but private markets activity also appears to be improving, albeit in sectors such as offices many buyers remain opportunistic.

The assets securing the Company's remaining loans are not in those sectors experiencing the highest levels of investor demand, however the emerging bidding activity has been encouraging after an extremely challenging period in the markets. We are hopeful that this will finally lead to realisations in the second half of this year.

The RoyaleLife investment remains the most challenging to manage, but also the one which will be most impactful upon shareholders if a positive outcome can be delivered from what has latterly been a difficult investment. As a result, the Investment Manager has not lost sight of the importance to drive income and value from this portfolio, and enhance its attractiveness to the market, while also pursuing the ongoing bidding interest.

ICG ALTERNATIVE INVESTMENT LIMITED

3 October 2024

DIRECTORS' RESPONSIBILITIES STATEMENT

The Directors are responsible for preparing this Interim Financial Report in accordance with applicable law and regulations. The Directors confirm that to the best of their knowledge:

- The Unaudited Condensed Interim Financial Statements have been prepared in accordance with IAS 34 Interim Financial Reporting as adopted by the EU; and
- The Chairman's Statement and Investment Manager's Report include a fair review of the information required by:

  (i) DTR 4.2.7R of the Disclosure Guidance and Transparency Rules, being an indication of important events that have occurred during the first six months of the financial year and their impact on the Unaudited Condensed Interim Financial Statements; and a description of the principal risks and uncertainties for the remaining six months of the year; and

  (ii) DTR 4.2.8R of the Disclosure Guidance and Transparency Rules, being related party transactions that have taken place in the first six months of the financial year and that have materially affected the financial position and performance of the entity during that period; and any changes in the related party transactions described in the last Annual Report and Financial Statements that could do so.

On behalf of the Board

JACK PERRY
Chairman

3 October 2024

PRINCIPAL RISKS AND UNCERTAINTIES

The Company 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 the underlying property on which its loans are secured.

The principal risks and uncertainties of the Company were identified in detail in the Annual Report and Financial Statements for the year ended 31 January 2024.

In addition to regular risk reviews, emerging risks are considered as they arise, to assess any potential impact on the Company and to determine whether any actions are required.

As a result of such risks emerging, the Audit and Risk Committee regularly reviews its assessment of the key risks faced by the Company, which are currently identified as the following:

- The inability to secure the sale or refinancing of an underlying property will frustrate the timely repayment of capital;
- Imprecision of valuations will impact the Company's ability to accurately determine collateral values and to appropriately consider the potential impairment of any particular investment;
- A further deterioration in property market conditions or liquidity could likely result in a further reduction in shareholder value;
- Portfolio diversification: the effect on the Company of challenges experienced on the smaller number of remaining investments is magnified and could lead to increased volatility in cash flows or net asset values;
- Some of the Company's costs are fixed and will therefore consume a greater proportion of the Company's revenues as the Company shrinks, which will impact the amount of funds available for distribution to shareholders;
- Complications with the liquidation process could affect timing of the final distribution to shareholders.

CONDENSED STATEMENT OF **COMPREHENSIVE INCOME**

For the six month period to 31 July 2024

	Notes	1 February 2024 to 31 July 2024 £ (Unaudited)	1 February 2023 to 31 July 2023 £ (Unaudited)	1 February 2023 to 31 January 2024 £ (Audited)
Income				
Income from loans		1,593,940	3,112,193	4,896,000
Other fee income from loans		–	–	5,168
Income from cash and cash equivalents		34,641	29,280	53,518
Total income		**1,628,581**	**3,141,473**	**4,954,686**
Expenses				
Investment Management fees	9	139,965	369,261	551,167
Directors' remuneration	9	80,000	80,000	160,000
Audit fees for the Company		40,250	40,438	63,013
ECL provision on financial assets	4	3,066,547	17,091,599	28,507,897
Other expenses	10	176,748	270,128	548,860
Total expenses		**3,503,510**	**17,851,426**	**29,830,937**
Loss for the period/year before tax		**(1,874,929)**	**(14,709,953)**	**(24,876,251)**
Taxation		–	–	–
Loss for the period/year after tax		**(1,874,929)**	**(14,709,953)**	**(24,876,251)**
Total comprehensive expense for the period/year		**(1,874,929)**	**(14,709,953)**	**(24,876,251)**
Basic and diluted Loss per Share (pence)	5	**(1.55)**	**(12.13)**	**(20.51)**

All items within the above statement have been derived from discontinuing activities on the basis of the orderly realisation of the Company's assets.

The Company has no recognised gains or losses for either period other than those included in the results above, therefore no separate statement of other comprehensive income has been prepared.

CONDENSED STATEMENT OF **FINANCIAL POSITION**

As at 31 July 2024

	Notes	31 July 2024 £ (Unaudited)	31 January 2024 £ (Audited)	31 July 2023 £ (Unaudited)
Assets				
Loans advanced at amortised cost	4	31,913,445	33,639,051	44,612,344
Cash and cash equivalents		2,791,562	2,945,829	11,348,746
Trade and other receivables		17,378	30,718	13,193
Total assets		**34,722,385**	**36,615,598**	**55,974,283**
Liabilities				
Trade and other payables		373,186	391,470	607,452
Total liabilities		**373,186**	**391,470**	**607,452**
Net assets		**34,349,199**	**36,224,128**	**55,366,831**
Equity				
Share capital	6	64,650,361	64,650,361	73,626,766
Retained loss		(30,301,162)	(28,426,233)	(18,259,935)
Total equity attributable to the owners of the Company		**34,349,199**	**36,224,128**	**55,366,831**
Number of ordinary shares in issue at period/year end	6	**121,302,779**	**121,302,779**	**121,302,779**
Net Asset Value per ordinary share (pence)	5	**28.32**	**29.86**	**45.64**

The Interim Financial Statements were approved by the Board of Directors on 3 October 2024 and signed on their behalf by:

JACK PERRY
Chairman

FIONA LE POIDEVIN
Director

The accompanying notes form an integral part of these Interim Financial Statements.

CONDENSED STATEMENT OF **CHANGES IN EQUITY**

For the six month period to 31 July 2024

	Notes	Number of shares	Ordinary Share capital £ (Unaudited)	B Share capital £ (Unaudited)	Retained (loss) £ (Unaudited)	Total £ (Unaudited)
As at 1 February 2024		121,302,779	64,650,361	–	(28,426,233)	36,224,128
Loss for the period		–	–	–	(1,874,929)	(1,874,929)
As at 31 July 2024		**121,302,779**	**64,650,361**	**–**	**(30,301,162)**	**34,349,199**

For the six month period to 31 July 2023

	Notes	Number of shares	Ordinary Share capital £ (Unaudited)	B Share capital £ (Unaudited)	Retained (loss) £ (Unaudited)	Total £ (Unaudited)
As at 1 February 2023		121,302,779	80,298,419	–	(2,943,468)	77,354,951
Loss for the period		–	–	–	(14,709,953)	(14,709,953)
Dividends paid	7	–	–	–	(606,514)	(606,514)
B Shares issued February 2023	6	121,302,779	(6,671,653)	6,671,653	–	–
B Shares redeemed & cancelled February 2023	6	(121,302,779)	–	(6,671,653)	–	(6,671,653)
As at 31 July 2023		**121,302,779**	**73,626,766**	**–**	**(18,259,935)**	**55,366,831**

The accompanying notes form an integral part of these Interim Financial Statements.

CONDENSED STATEMENT OF **CASH FLOWS**

For the six month period to 31 July 2024

	Notes	1 February 2024 to 31 July 2024 £ (Unaudited)	1 February 2023 to 31 July 2023 £ (Unaudited)	1 February 2023 to 31 January 2024 £ (Audited)
Cash flows generated from operating activities				
Loss for the period/year		(1,874,929)	(14,709,953)	(24,876,251)
Adjustments for non-cash items and working capital movements:				
Movement in other receivables		13,340	30,242	12,718
Movement in other payables and accrued expenses		(18,285)	(254,201)	(296,009)
Loan amortisation and ECL provision		1,472,607	14,875,644	25,889,373
		(407,267)	(58,268)	729,831
Loans advanced		(300,000)	(8,400)	(308,400)
Loans repaid	4	553,000	9,484,087	9,569,476
Net loans repaid less arrangement fees		253,000	9,475,687	9,261,076
Net cash (used in)/generated from operating activities		**(154,267)**	**9,417,419**	**9,990,907**
Cash flows used in financing activities				
Dividends paid	7	–	(606,514)	(606,514)
Return of Capital paid	6	–	(6,671,653)	(15,648,058)
Net cash used in financing activities		**–**	**(7,278,167)**	**(16,254,572)**
Net movement in cash and cash equivalents		(154,267)	2,139,252	(6,263,665)
Cash and cash equivalents at the start of the period/year		2,945,829	9,209,494	9,209,494
Cash and cash equivalents at the end of the period/year		**2,791,562**	**11,348,746**	**2,945,829**

The accompanying notes form an integral part of these Interim Financial Statements.

NOTES TO THE UNAUDITED CONDENSED INTERIM **FINANCIAL STATEMENTS**

For the six month period to 31 July 2024

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 Law on 29 November 2012 with registered number 55917 as a closed-ended investment company. The registered office address is Floor 2, Trafalgar Court, Les Banques, St Peter Port, Guernsey, GY1 4LY.

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

The unaudited condensed financial statements comprise the financial statements of the Company as at 31 July 2024.

In line with the revised Investment Objective and Policy approved by shareholders in the Extraordinary General Meeting in January 2021, the Company is undertaking an orderly realisation of its investments. As sufficient funds become available the Board returns capital to shareholders, taking account of the Company's working capital requirements and funding commitments.

ICG Alternative Investment Limited is the external discretionary investment manager.

2. ACCOUNTING POLICIES

a) Basis of preparation

The Interim Financial Statements included in this Interim Report, have been prepared in accordance with IAS 34 'Interim Financial Reporting', as adopted by the EU, and the Disclosure, Guidance and Transparency Rules of the FCA.

The Interim Financial Statements have not been audited or reviewed by the Company's Auditor.

The Interim Financial Statements do not include all the information and disclosures required in the Annual Report and Financial Statements and should be read in conjunction with the Company's Annual Report and Financial Statements for the year ended 31 January 2024, which are available on the Company's website (www.lbow.co.uk). The Annual Report and Financial Statements have been prepared in accordance with IFRS as adopted by the EU.

Other than as set out above, the same accounting policies and methods of computation have been followed in the preparation of these Interim Financial Statements as in the Annual Report and Financial Statements for the year ended 31 January 2024. In particular the Company has adopted the same approach to valuation of financial instruments including critical accounting judgements and estimation of uncertainties as set out in detail in the notes to the Annual Report and Financial Statements for the year ended 31 January 2024.

There were no new standards or interpretations effective for the first time for periods beginning on or after 1 January 2024 that had a significant effect on the Company's financial statements. Furthermore, none of the amendments to standards that are effective from 1 January 2024, had a significant effect on the Company's interim condensed financial statements. It is not anticipated that any standard which is not yet effective, will have a material impact on the Company's financial position or on the performance of the Company's statements.

b) Going concern

The Directors, at the time of approving the Financial Statements, are required to satisfy themselves that they have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future and whether there is any threat to the going concern status of the Company. At the EGM of the Company on 14 January 2021, following a recommendation from the Board published in a circular on 16 December 2020, shareholders voted by the requisite majority in favour of a change to the Company's Objectives and Investment Policy which would lead to an orderly realisation of the Company's assets and a return of capital to shareholders.

It is intended that, following the appointment of receivers or administrators in respect of the last remaining loans, the investments will be realised as and when the underlying property assets, or loans upon which they are secured, can be sold in an orderly manner. The Company may take actions with the consequence of accelerating or delaying realisation in order to optimise shareholders' returns in the context of the Company's size.

Whilst the Directors are satisfied that the Company has adequate resources to continue in operation throughout the realisation period and to meet all liabilities as they fall due, given the Company is now in a managed wind down, the Directors consider it appropriate to adopt a basis other than going concern in preparing the financial statements.

In the absence of a ready secondary market in real estate loans by which to assess market value, the basis of valuation for investments is amortised cost net of impairment, recognising the anticipated realisable value of each property in the orderly wind down of the Company. In accordance with the Company's IFRS 9 Policy the staging of each loan has been reviewed and all loans are considered to be at Stage 3. Consequently, valuations reflect the ECL assuming a twelve month realisation period, as detailed on Note 4. No material adjustments have arisen solely as a result of ceasing to apply the going concern basis.

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS (CONTINUED)

2. ACCOUNTING POLICIES (CONTINUED)

c) Segmental reporting

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

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.

The majority of the Company's income is derived from loans secured on commercial and residential property in the United Kingdom.

Due to the Company's nature, it has no employees.

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

3. CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATES IN APPLYING THE COMPANY'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, including the Company's timeframe for orderly realisation of investments in order to return capital to shareholders. These factors help 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.

Estimates and underlying assumptions are reviewed on an ongoing 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 periods if the revision affects both current and future periods.

Critical accounting judgements

In assessing the ECL, the Board has made critical judgements in relation to the staging of the loans and assessments which impact the loss given default. In assessing whether the loans have incurred a significant increase in credit risk the Investment Manager, on behalf of the Board, assesses the credit risk attaching to each of the loans and the realisable value of the underlying property on which the loans are secured.

The Company has adopted the Investment Manager's Internal credit rating methodology and has used its loss experience to benchmark investment performance and potential impairment for Stage 1, Stage 2 and Stage 3 loans under IFRS 9 considering both probability of default and loss given default. It is noted that the Company's remaining loans are past due and that receivers or administrators have been appointed over the Company's security.

The Investment Manager and the Board will also take into consideration the likely repayment term of loans that have become past due and the actions to be taken by the appointed receiver or administrator to repay such loans. Consequently, a loan which is past due, but otherwise performing, may continue to be assessed as Stage 1 where there is an active repayment plan in place, or supporting evidence that the loan can be repaid in full and the Company has given a period of forbearance whilst reserving its rights to, or charging, default interest.

Against the backdrop of higher interest rates and liquidity issues, as discussed in the Investment Manager's Report, the Investment Manager and Board agree that all remaining investments have a heightened credit risk. At the reporting date all three loans are subject to enforcement action and, in the absence of an active and liquid property market, are considered as Stage 3 assets with a material risk of credit loss.

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS (CONTINUED)

3. CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATES IN APPLYING THE COMPANY'S ACCOUNTING POLICIES (CONTINUED)

Key sources of estimation uncertainty

The measurement of both the initial and ongoing ECL allowance for loan receivables measured at amortised cost is an area that has required the use of significant assumptions about credit behaviour such as likelihood of borrowers continuing to support their properties through interest payments and equity injections, or defaulting and the resulting losses.

In line with the Company's investment strategy at the time, most loans benefited from significant LTV headroom at origination, with business plans designed to deliver further value increases over time. This combined with tight covenants generally enabled the Investment Manager to manage risk over the term of the loans. However, following the change in Investment Strategy to one of orderly wind down and the reduction of the portfolio to just three remaining assets, the Investment Manager and the Board have placed greater emphasis on the source and delivery of repayment of each loan when assessing valuation and the risk of capital loss.

As discussed above, a material reduction in transactional evidence and higher funding costs have led to a fall in property values generally, but with those sectors subject to structural change (e.g. offices) and higher interest rates (e.g. residential housing for sale) being particularly impacted. As a result all remaining loans have evidence of heightened credit risk with the equity buffer having been eroded by falls in property values and the likelihood of further sponsor support being considered remote, and as such have been assessed as Stage 3 loans.

The Board's valuation of Stage 3 assets (those loans considered to have a material risk of credit loss), is first informed by third party property valuations and supporting comparative transactional evidence, including marketing processes being undertaken. The Investment Manager and the Board will then overlay property level cashflows, expected sales costs and other factors considered necessary to achieve exits within the target timeframes for returning capital to shareholders.

All of the Company's Stage 3 assets are subject to enforcement action in the form of administration or receivership at the reporting date. As a result, the Company has considered the likelihood of achieving sales at the most recent third-party valuation or at discounts to reflect the current lack of liquidity in the relevant property sector and the Company's target timeframes and the probability of such outcomes. These probabilities and discounts are further informed by prospective purchasers' offers or expressions of interest where properties have been marketed.

In arriving at the investment valuations, the Investment Manager has overlayed the expected costs of sale and exit timeframes to determine a weighted average valuation of each loan under the expected interest rate method and, thereby, the expected credit loss for each loan that may result.

Revenue recognition is considered a significant accounting judgement and estimate that the Directors make in the process of applying the Company's accounting policies. In respect of the Company's Stage 3 loans, interest income will be recognised through in the Statement of Comprehensive Income net of ECL allowance. In view of the trading conditions of the Southport hotel and liquidity challenges facing the RoyaleLife loan, the Directors consider it unlikely that interest payments will be received in the near term. The Affinity property remains well occupied and able to produce sufficient net cashflow to meet its standard interest liabilities. However, the receiver has reserved cashflow for working capital purposes in order to progress the property sale, releasing surpluses when they feel prudent to do so. Any cash withheld by the receiver will form part of the final settlement.

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS (CONTINUED)

4. LOANS ADVANCED

(i) Loans advanced

	1 February 2024 to 31 July 2024 £	1 February 2023 to 31 January 2024 £
Loans gross carrying value	67,457,768	66,116,828
Less: Expected Credit Losses	(35,544,323)	(32,477,777)
	31,913,445	33,639,051

	31 July 2024 Principal advanced £	31 July 2024 Carrying value before ECL allowance £	31 January 2024 Principal advanced £	31 January 2024 Carrying value before ECL allowance £
Affinity[1]	16,572,789	17,936,433	17,125,789	18,033,451
Southport[2]	15,800,000	17,126,387	15,500,000	16,511,470
RoyaleLife	25,382,017	32,394,948	25,382,017	31,571,907
	57,754,806	67,457,768	58,007,806	66,116,828

[1] Capital debt repayment of £553,000 during the period.
[2] There was a £300,000 increase to the Southport loan principal during the period.

(ii) Valuation considerations

As noted above, the Company is now in the process of an orderly wind down. It had been the intention of the Investment Manager and Directors to hold loans through to their repayment date, and seek a borrower led repayment in order to maximise value for the shareholders. Economic and property market conditions have not enabled this, with commercial property transactions in some sectors at their lowest levels for 15 years.

The carrying value amounts of the loans, recorded at amortised cost in the Financial Statements have been adjusted for expected credit losses. For further information regarding the status of each loan and the associated risks see the Investment Manager's Report.

As loans have fallen past due and enforcement actions have been taken, the Directors have also reassessed the likelihood and timing of receipt of any interest and exit fees associated with the loans in the context of the current underlying property value and weak market conditions.

Each property on which investments are secured was subject to an independent, third-party valuation at the time the investment was entered into and updated valuations are obtained as deemed appropriate. All investments are made on a hold to maturity basis. Each investment is being closely monitored including a review of the performance of the underlying property security.

Third party property valuations are typically based on the specific particulars of the property (rent, Weighted Average Unexpired Lease Term (WAULT), vacancy, condition and location) and assume a normal marketing period and sales process. Valuers benchmark against comparative evidence from recent transactions in similar properties in similar locations.

All the remaining Investments are considered to be Stage 3 assets and are subject to enforcement action. The carrying value of each Stage 3 investment has been calculated to reflect the net present value of the expected net proceeds from, and timing of, exit under a range of scenarios reflecting the latest indicators of realisable value, the cost of disposal (including enforcement action taken), and potential discount to valuation that a willing buyer may offer in the current market for a purchase out of administration/receivership in an accelerated process with limited vendor warranties and indemnities.

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS (CONTINUED)

4. LOANS ADVANCED (CONTINUED)

(iii) IFRS 9 – Impairment of Financial Assets

As discussed above, during 2023 and the first half of 2024, the UK commercial property market has experienced a period of historically low transaction volumes, as buyers adjust their pricing in order to generate target returns in a higher interest rate environment with uncertain occupational demand in many sectors. Conversely, unless forced, sellers are inclined to hold properties where they can in the expectation of improved liquidity as the economic outlook stabilises and medium-term interest rates fall. In this context, valuation and, therefore, the ECL of each investment has been recalculated based on the underlying property performance and valuations together with any sales/marketing experience to date and is discussed further below.

The internal credit rating of each loan as at 31 July 2024 has been reviewed. All three loans which were identified as Stage 3 assets at 31 January 2024, have remained Stage 3 assets, with an ECL provision of £35,544,323 (31 January 2024: £32,477,777).

As at 31 July 2024

	Stage 1	Stage 2	Stage 3	Total
Principal advanced	–	–	57,754,806	57,754,806
Gross carrying value	–	–	67,457,768	67,457,768
Less ECL allowance	–	–	(35,544,323)	(35,544,323)
	–	–	31,913,445	31,913,445

As at 31 January 2024

	Stage 1	Stage 2	Stage 3	Total
Principal advanced	–	–	58,007,806	58,007,806
Gross carrying value	–	–	66,116,828	66,116,828
Less ECL allowance	–	–	(32,477,777)	(32,477,777)
	–	–	33,639,051	33,639,051

The Southport hotel was identified as a Stage 3 asset at 31 January 2023. Following an aborted sales process and a remarketing exercise the hotel, which continues to generate positive EBITDA, and, is subject to a bid in excess of book value. In assessing the ECL as at 31 July 2024, the Investment Manager and the Board have, consistent with prior periods, considered a range of potential outcomes based on the current bid, other bids received and market advice and have adopted a probability weighted approach, discounting the resultant cashflows to the expected completion.

The Investment Manager, on behalf of the Company, appointed a receiver over the property attached to the Affinity loan in September 2023, with the Affinity loan being identified as a stage 3 asset at 31 January 2024. Whilst the majority of the property remains occupied, leasing is challenging and there are rolling lease events over the coming twelve months. Investor demand for regional offices is at a low due to uncertainties surrounding occupational demand and capital expenditure requirements in a post Covid-19, remote working, environment.

These uncertainties combining with a higher interest rate environment have materially impacted the valuation of the property, as agency advice suggests, is down by approximately 40% from over £20 million in April 2023, in line with the wider market where there are very few if any bidders for regional office assets. The Investment Manager and the Board have considered the agency and receiver advice to determine the likely net realisable value of the property and timeframe in which it might be achieved. As with the other the Stage 3 loans, a range of outcomes have been considered and probabilities applied to each in determining the ECL of the loan as at 31 July 2024.

As previously reported, the companies holding the sites securing the RoyaleLife loan were placed into administration during 2023 to protect the assets from other creditor claims. The sites were sold into a new holding company structure at the end of the last financial year and the Company's debt, together with that of its co-lenders was restructured to facilitate the transaction. Consequently the Company now participates in a fully cross collateralised loan to the new operating structure whilst retaining a claim against any proceeds arising from the ongoing administration of the old operating structure. The administrator ran a sales process prior to the restructure from which an institutionally backed offer for the entire platform has come forward, and heads of terms were agreed. Whilst the sales process continues, the Company's (and its co-lenders') timetable has not been adhered to and consequently the Investment Manager is supporting the new operator to rebrand and relaunch the sale of individual bungalow homes in order to retain optionality and maximise value for the lenders. The prospective purchaser continues with its due diligence in the meantime. The Investment Manager continues to work with the administrator to explore all avenues for recovery of losses against the original borrower platform.

NOTES TO THE UNAUDITED CONDENSED INTERIM **FINANCIAL STATEMENTS** (CONTINUED)

4. LOANS ADVANCED (CONTINUED)

The Board and Investment Manager consider there to be a material risk of loss and the loan was categorised as Stage 3 in July 2023, with the restructured loan remaining at Stage 3. In determining the ECL as at 31 July 2024 the Board and the Investment Manager have considered an offer from an institutional buyer which has been received and adopted the same probability weighted approach and considered a range of outcomes linked to sale of the properties (where negotiations continue), and to the relaunch of the underlying business with an exit over time. The Company together with its co-lenders retain the rights, under the original loan, to any recoveries linked to the administration process and the bankruptcy proceedings against the previous beneficial owner, albeit no value has been attached to such claims.

A reconciliation of the ECL allowance is presented as follows:

	Expected Credit Loss Allowances At 31 January 2024 £	Movement in ECL Allowance during period £	At 31 July 2024 £
Affinity	(6,697,311)	(2,323,556)	(9,020,867)
Southport	(8,597,121)	275,592	(8,321,529)
RoyaleLife	(17,183,345)	(1,018,582)	(18,201,927)
	(32,477,777)	**(3,066,546)**	**(35,544,323)**

(iv) IFRS 9 Impairment – Stress Analysis

The carrying values of the remaining investments above contemplate sales in a difficult market and have been adjusted for expected credit losses, making allowance for the potential impact of sales out of receivership/administration on the properties' underlying liquidity and attractiveness to buyers, as well as the timeframe in which the Company is seeking to realise its investments.

The remaining loans are, or have been, subject to enforcement processes, which may be an additional factor in the liquidity of and buyer pools for the subject assets. Two of the loans (Southport and RoyaleLife) are secured against operating assets which brings additional complexity for buyers when compared to, say, single tenant investment properties and, in the case of RoyaleLife, operates in a new and emerging sector.

The Investment Manager and the Board have considered the impact of a further 10%, 20% and 30% reduction in the underlying property values, broadly reflecting a one, two and three stage credit deterioration as previously presented, and recalculated its probability weighted valuations on this basis. The potential negative impact of these further declines in property values on the portfolio as a whole is set out below.

Stress test impact on Expected Credit Loss at 31 July 2024

	31 July 2024	31 January 2024	31 July 2023
10% reduction in property value	£2,764,000	£3,279,000	£3,685,000
20% reduction in property value	£5,209,000	£6,558,000	£8,124,000
30% reduction in property value	£8,069,000	£9,837,000	£12,562,000

All efforts continue to be made by the Investment Manager and the Board to crystalise the value in the remaining investments in a reasonable time frame in order to return capital to shareholders and proceed to the liquidation of the Company. However, as discussed above, in the current market many properties for sale are not receiving any bids, even where they are considered distressed, and the limited number of buyers active in the market are seeking out the maximum distress in order achieve best relative value and maximise their potential returns. Accordingly, the timing of the final realisation of the Company's remaining assets cannot be predicted with certainty. The Board and Investment Manager have considered the impact of a delay in the realisation of the remaining loans. A 3 month delay would, at 31 July 2024, reduce the net present value of the cashflows arising by 2.3% (£745,000), whilst a 6 month delay would result in a 4.6% (£1,468,000) reduction in the net present value of the cashflows arising.

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS (CONTINUED)

5. EARNINGS PER SHARE AND NET ASSET VALUE PER SHARE

Earnings/(Loss) per share

	1 February 2024 to 31 July 2024	1 February 2023 to 31 July 2023
Loss for the period after tax (£)	(1,874,929)	(14,709,953)
Weighted average number of ordinary shares in issue	121,302,779	121,302,779
Basic and diluted loss per share (pence)	(1.55)	(12.13)

The calculation of basic and diluted loss per share is based on the loss for the period and on the weighted average number of ordinary shares in issue during the period.

There are no dilutive shares at 31 July 2024 (31 January 2024: none).

Net Asset Value per share

	31 July 2024	31 January 2024
NAV (£)	34,349,199	36,224,128
Number of ordinary shares in issue	121,302,779	121,302,779
NAV per share (pence)	**28.32**	**29.86**

The calculation of NAV per share is based on Net Asset Value and the number of ordinary shares in issue at the period/year end.

6. 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; and (c) C shares, in each case of such classes and denominated in such currencies as the Directors may determine.

	31 July 2024 Number of shares	31 January 2024 Number of shares
Authorised		
Ordinary Shares of no par value	Unlimited	Unlimited
B Shares of no par value	Unlimited	Unlimited

	Total No	Total No
Issued Ordinary Shares	121,302,779	121,302,779
B Shares		
B Shares issued February 2023	–	121,302,779
B Shares redeemed and cancelled February 2023	–	(121,302,779)
B Shares issued August 2023	–	121,302,779
B Shares redeemed and cancelled August 2023	–	(121,302,779)
	–	–

	31 July 2024 £	31 January 2024 £
Share capital brought forward	64,650,361	80,298,419
Repaid in the period/year	–	(15,648,058)
Share capital carried forward	64,650,361	64,650,361

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS (CONTINUED)

6. SHARE CAPITAL (CONTINUED)

Return of Capital

Return of Capital is recognised by the Company in the quarterly NAV calculation following the declaration date.

In line with the Board's recent guidance, there was no return of capital made during the period ended 31 July 2024.

7. DIVIDENDS

Dividends are recognised by the Company in the quarterly NAV calculation following the declaration date. A summary of the dividends declared and paid during the year to 31 January 2024 is set out below. No dividends were declared or paid in respect of the period 1 February 2024 to 31 July 2024:

1 February 2023 to 31 January 2024	Dividend per share Pence	Total dividend £
Interim dividend in respect of quarter ended 31 January 2023	0.50	606,514
	0.50	606,514

Following shareholder approval of proposed changes to the Company's Investment Objectives and Investment Policy which allows an orderly realisation of the Company's assets and return of capital to shareholders, the Board has made it clear that payment of quarterly dividends would continue only whilst it remained prudent to do so.

Due to the enforcement actions in place over all three remaining assets, trading levels have been reduced and accordingly levels of operating cashflow are projected to be significantly reduced.

The Company has a predictable cost base and the ability to hold capital to meet costs and preserve working capital. However, it is no longer considered appropriate to distribute a regular dividend.

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.

The Company's Articles include a B Share mechanism for returning capital to shareholders and following shareholder approval on 14 January 2021, the Company has and will continue to utilise this mechanism in future. When the Board determines to return capital to shareholders, the Company has issued B Shares, paid up out of the Company's assets, to existing shareholders pro rata to their holding of ordinary shares at the time of such issue. The amount paid up on the B Shares will be equal to the cash distribution to be made to shareholders via the B Share mechanism. The B Shares shall be redeemable at the option of the Company following issue and the redemption proceeds (being equal to the amount paid up on such B Shares) paid to the holders of such B Shares on such terms and in such manner as the Directors may from time to time determine. It is, therefore, expected that the B Shares will only ever be in issue for a short period of time and will be redeemed for cash shortly after their issue in order to make the return of capital to shareholders.

It is intended that following each return of capital the Company will publish a revised estimated Net Asset Value and Net Asset Value per Ordinary Share based on the prevailing published amounts adjusted to take into account the return of capital. The number of ordinary shares in issue will remain unchanged.

8. FINANCIAL RISK MANAGEMENT

The Company through its investment in senior loans is exposed to a variety of financial risks. The main risks arising from the Company's financial instruments are: market risk (including currency risk and interest rate risk), credit risk and liquidity risk and are fully disclosed on pages 53 to 56 of the Annual Report and Financial Statements for the year ended 31 January 2024 in addition to the principal risks as set out on page 8 of this Interim Report.

The Company's principal risk factors were also discussed in the Company's Prospectus, available on the Company's website (www.lbow.co.uk) and should be reviewed by shareholders.

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS (CONTINUED)

9. RELATED PARTY TRANSACTIONS AND DIRECTORS' REMUNERATION

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the party in making financial or operational decisions.

In the opinion of the Directors, on the basis of shareholdings advised to them, the Company has no immediate or ultimate controlling party.

Directors

The Company Directors' fees for the period amounted to £80,000 (31 July 2023: £80,000) with outstanding fees at 31 July 2024 of £31,250 due to the Directors (31 January 2024: £31,250).

Investment Manager

Investment management fees for the period amounted to £139,965 (31 July 2023: £369,261). Fees to the value of £188,681 were outstanding at the period/year end (31 January 2024: £236,597).

10. OTHER EXPENSES

The other expenses shown in the Statement of Comprehensive Income are made up as shown below.

	1 February 2024 to 31 July 2024 £ (Unaudited)	1 February 2023 to 31 July 2023 £ (Unaudited)	1 February 2023 to 31 January 2024 £ (Audited)
Broker fees	25,000	25,825	50,000
Administration fees	79,583	107,307	239,806
Regulatory fees	9,183	8,246	17,872
Listing fees	5,365	5,175	13,230
Legal & professional fees	8,345	73,148	118,645
Other expenses	49,272	50,427	109,307
Total expenses	**176,748**	**270,128**	**548,860**

11. SUBSEQUENT EVENTS

On 26 September 2024, the Company received a £400,000 distribution related to the Affinity loan, which was reflected in the ECL calculations. There were no other material subsequent events noted after the reporting date.

GLOSSARY OF **CAPITALISED DEFINED TERMS**

"**Administrator**" means Ocorian Administration (Guernsey) Limited;

"**Affinity**" means Impact Spectrum Limited;

"**AIFMD**" means the Alternative Investment Fund Managers Directive;

"**Annual Report**" or "**Annual Report and Financial Statements**" means the annual publication of the Company provided to the shareholders to describe their operations and financial conditions, together with their Financial Statements;

"**Board**" or "**Directors**" or "**Board of Directors**" means the directors of the Company from time to time;

"**B shares**" means a redeemable Ordinary Share of no par value in the capital of the Company issued and designated as a B Share of such class, and denominated in such currency, as may be determined by the Directors at the time of issue. Issued for the purpose of returning capital in accordance with Article 8;

"**CMBS**" means commercial mortgage-backed security;

"**Companies Law**" means the Companies (Guernsey) Law, 2008, (as amended);

"**Company**" means ICG-Longbow Senior Secured UK Property Debt Investments Limited;

"**Covid-19**" means the global coronavirus pandemic;

"**ECL**" means expected credit losses;

"**EPS**" or "**Earnings per share**" means Earnings per Ordinary Share of the Company and is expressed in Pounds Sterling;

"**EU**" means the European Union;

"**Euro**" or "**€**" means Euro;

"**FCA**" means the UK Financial Conduct Authority (or its successor bodies);

"**Financial Statements**" means the audited financial statements of the Company, including the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity, the Statement of Cash Flows and associated notes;

"**GDP**" means gross domestic product;

"**GFSC**" means the Guernsey Financial Services Commission;

"**GIIN**" means Global Intermediary Identification Number;

"**GFSC Code**" means the GFSC Finance Sector Code of Corporate Governance;

"**IAS**" means international accounting standards as issued by the Board of the International Accounting Standards Committee;

"**ICG**" means Intermediate Capital Group PLC;

"**IFRS**" means the International Financial Reporting Standards, being the principles-based accounting standards, interpretations and the framework by that name issued by the International Accounting Standards Board;

"**Interim Report**" means the Company's interim report and unaudited interim condensed financial statements for the period ended 31 July;

"**Investment Manager**" or "**ICG-Longbow**" or "**ICG Real Estate**" means ICG Alternative Investment Limited or its associates;

"**IPO**" means the Company's initial public offering of shares to the public which completed on 5 February 2013;

"**ISIN**" means an International Securities Identification Number;

"**London Stock Exchange**" or "**LSE**" means London Stock Exchange plc;

"**LTV**" means Loan to Value ratio;

"**Main Market**" means the main securities market of the London Stock Exchange;

"**NAV per share**" means the Net Asset Value per Ordinary Share divided by the number of Shares in issue (other than shares held in treasury);

"**Net Asset Value**" or "**NAV**" means the value of the assets of the Company less its liabilities, calculated in accordance with the valuation guidelines laid down by the Board, further details of which are set out in the 2017 Prospectus;

"**Northlands**" means London & Guildford Properties Limited, London & Weybridge Properties Limited, Lamborfore Limited, Northlands Holdings Limited, Peeble Stone Limited, Auldana Limited, Felixstow Limited, Richmond Lodge Construction Limited, Piperton Finance Limited and Alton & Farnham Properties Limited;

"**Official List**" is the Premium Segment of the FCA's Official List;

"**Registrar**" means Link Asset Services (Guernsey) Limited;

"**RoyaleLife**" means the Time GB Properties LendCo Limited;

"**Southport**" means the Waterfront Southport Properties Limited and Waterfront Hotels (Southport) Limited – now in administration;

"**Sq ft**" means square feet;

"**UK**" or "**United Kingdom**" means the United Kingdom of Great Britain and Northern Ireland; and

"**£**" or "**Pounds Sterling**" means British pound sterling and "**p**" or "**pence**" means British pence.

DIRECTORS AND **GENERAL INFORMATION**

Board of Directors
Jack Perry (Chair)
Stuart Beevor
Paul Meader
Fiona Le Poidevin

Audit and Risk Committee
Fiona Le Poidevin (Chair)
Stuart Beevor
Paul Meader

Management Engagement Committee
Jack Perry (Chair)
Paul Meader
Fiona Le Poidevin
Stuart Beevor

Nomination Committee
Jack Perry (Chair)
Stuart Beevor
Paul Meader
Fiona Le Poidevin

Remuneration Committee
Paul Meader (Chair)
Jack Perry
Stuart Beevor
Fiona Le Poidevin

Investment Manager
ICG Alternative Investment Limited
Procession House
55 Ludgate Hill
London
United Kingdom
EC4M 7JW

Registered office
Floor 2
Trafalgar Court
Les Banques
St Peter Port
Guernsey
GY1 4LY

Independent Auditor
Deloitte LLP
PO Box 137
Regency Court
Glategny Esplanade
St. Peter Port
Guernsey
GY1 3HW

Guernsey Administrator and Company Secretary
Ocorian Administration (Guernsey) Limited
P.O. Box 286
Floor 2
Trafalgar Court
Les Banques
St Peter Port
Guernsey
GY1 4LY

Depositary
Ocorian Depositary (UK) Limited
5th Floor
20 Fenchurch Street
London
England
EC3M 3BY

Registrar
Link Asset Services (Guernsey) Limited
Mont Crevelt House
Bulwer Avenue
St Sampsons
Guernsey
GY2 4LH

Corporate Broker and Financial Adviser
Cavendish Securities plc
6-8 Tokenhouse Yard
London
United Kingdom
EC2R 7AS

Identifiers

GIIN:	6IG8VS.99999.SL.831
ISIN:	GG00B8C23S81
Sedol:	B8C23S8
Ticker:	LBOW
Website:	www.lbow.co.uk

English Solicitors to the Company
Gowling WLG (UK) LLP
4 More London Riverside
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United Kingdom
SE1 2AU

Guernsey Advocates to the Company
Carey Olsen
Carey House
PO Box 98
Les Banques
St Peter Port
Guernsey
GY1 4BZ

Bankers
Butterfield Bank (Guernsey) Limited
PO Box 25
Regency Court
Glategny Esplanade
St Peter Port
Guernsey
GY1 3AP

Barclays Bank plc
6-8 High Street
St Peter Port
Guernsey
GY1 3BE

Lloyds Bank International Limited
PO Box 136
Sarnia House
Le Truchot
St Peter Port
Guernsey
GY1 4EN

The Royal Bank of Scotland International Limited
Royal Bank Place
1 Glategny Esplanade
St Peter Port
Guernsey
GY1 4BQ

CAUTIONARY STATEMENT

The Chairman's Statement and the Investment Manager's Report have been prepared solely to provide additional information for shareholders to assess the Company's strategies and the potential for those strategies to succeed. These should not be relied on by any other party or for any other purpose.

The Chairman's Statement and Investment Manager's Report may include statements that are, or may be deemed to be, "forward-looking statements". These forward-looking statements can be identified by the use of forward-looking terminology, including the terms "believes", "estimates", "anticipates", "expects", "intends", "may", "will" or "should" or, in each case, their negative or other variations or comparable terminology.

These forward-looking statements include all matters that are not historical facts. They appear in a number of places throughout this document and include statements regarding the intentions, beliefs or current expectations of the Directors and the Investment Manager, concerning, amongst other things, the investment objectives and investment policy, financing strategies, investment performance, results of operations, financial condition, liquidity, prospects, and distribution policy of the Company and the markets in which it invests.

By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. Forward-looking statements are not guarantees of future performance.

The Company's actual investment performance, results of operations, financial condition, liquidity, distribution policy and the development of its financing strategies may differ materially from the impression created by the forward-looking statements contained in this document.

Subject to their legal and regulatory obligations, the Directors and the Investment Manager expressly disclaim any obligations to update or revise any forward-looking statement contained herein to reflect any change in expectations with regard thereto or any change in events, conditions or circumstances on which any statement is based.

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Further information available online:
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