

Sancus Loan Notes 7 Limited

Quarterly Factsheet, 30 June 2021



Summary

| | | | |
|---------------------------------------|---------------------------------------|------------------------------------|------------------------------------|
| £17,000,000 Loan Note Value | 7.00% Coupon | Quarterly Frequency | 10/05/2024 Maturity date |
| 31 Number of loans | £511,943 Average Loan Value | 8.89% Average Loan Yield | 314 days Average Life |

Objective

The Loan Note is structured to target stable and attractive risk-adjusted returns and provide regular income. The Note holds a diversified portfolio of loans originated by Sancus and primarily secured against property assets, mostly in the UK, Jersey, Guernsey and Gibraltar, with additional diversification across property sectors and maturity dates.

Commentary

Sancus Loan Notes 7 ("SLN7") successfully launched on 10 May 2021 with an initial issue of £16.6m and has since received a further £700,000 in subscriptions, taking the total subscribed sum to £17.3m*. The Loan Note proceeds were substantially deployed immediately.

The first coupon will be paid on 1 July 2021. We have a strong pipeline of lending opportunities to replace maturing loans in July and August.

SLN7 has a weighted average loan yield of 8.89% and a weighted average Loan to Value ratio of 60.6%.

**£300,000 subscription due on 9 July 2021*

Market Outlook

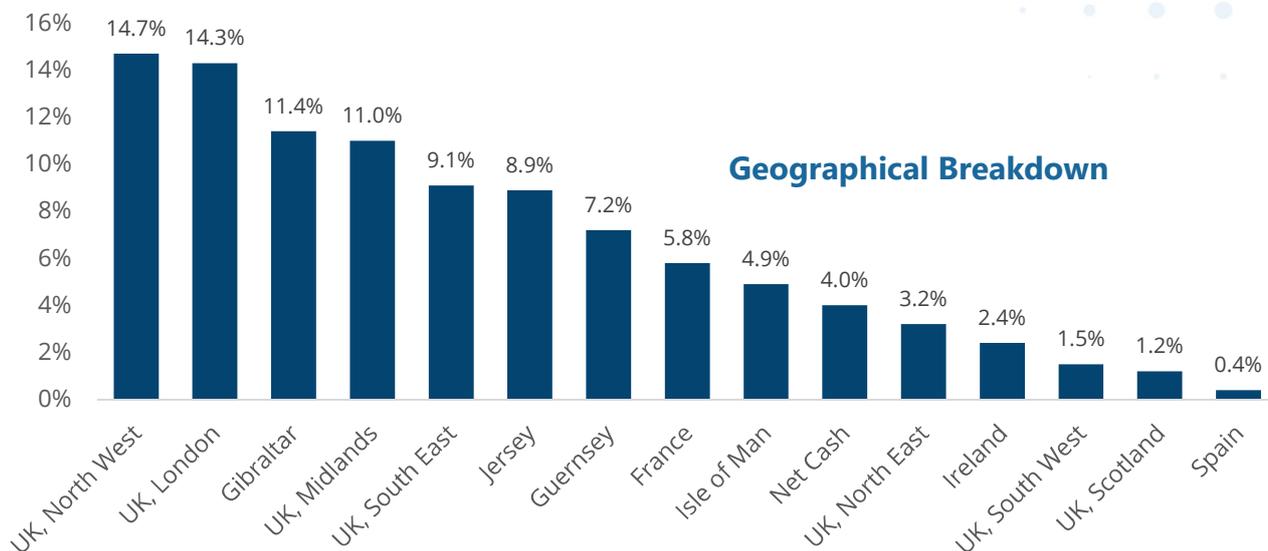
With traditional banks' propensity to lend affected by the ongoing pandemic, alternative lenders, such as Sancus, have had the opportunity to increase their market share. Set against the underlying market fundamental of the Covid crisis that has made everybody reflect on how they live, work and shop, the drive to improve living conditions has led to a boom in residential development.

Exposure to secured lending represents an alternative to more traditional asset classes and an opportunity to earn potentially attractive risk-adjusted returns, particularly in today's low yield environment where 3 year Sterling investment grade corporate bonds yield 0.91% (source: Bloomberg Barclays GBP 0-5 year Total Return Index**).

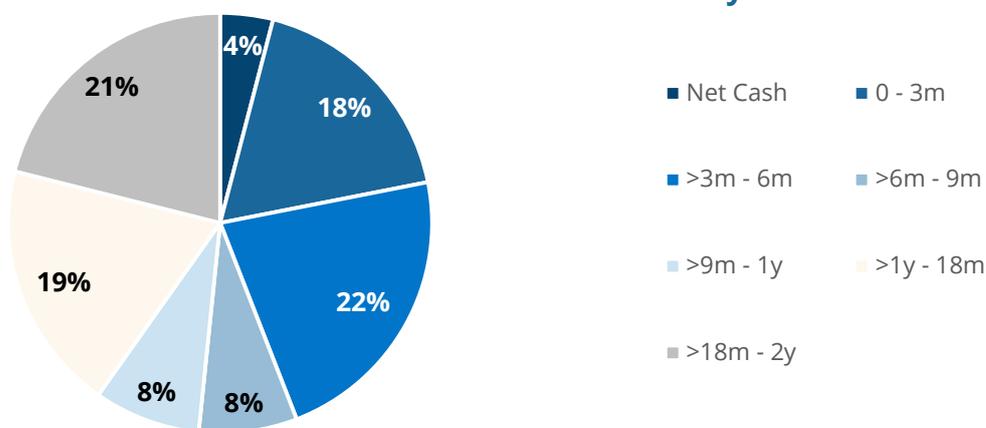
Residential property has been an outperformer during the pandemic. Sales have rebounded sharply in the wake of the initial lockdowns, giving developers and investors the confidence to initiate new projects providing Sancus with new lending opportunities.

*** as at 7 July 2021*

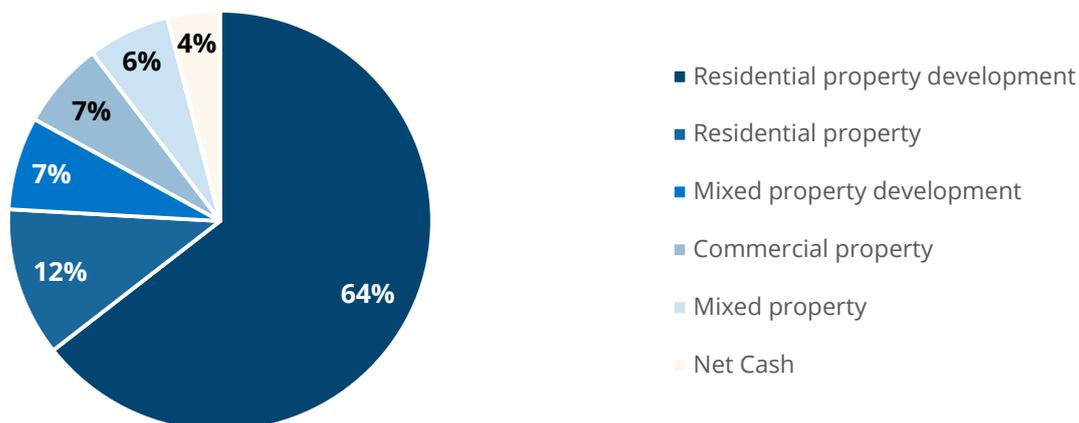
Portfolio Analysis



Maturity Breakdown



Asset Breakdown



Top Ten Loans

| Asset | Description | Interest | Maturity | Pct NAV |
|----------------------------------|---|----------|----------|--------------|
| Residential property development | To develop 14 houses in Southport ¹ | 8.25% | Jun-22 | 8.1% |
| Mixed property development | To develop apartments with commercial in Gibraltar ² | 8.50% | Dec-21 | 7.2% |
| Residential property development | To convert a former college into 18 apartments in Kent ³ | 9.50% | Jan-23 | 6.7% |
| Residential property development | To develop 34 apartments & 1 retail space in Birmingham | 8.50% | Jul-22 | 6.3% |
| Mixed property | Revolving credit facility for Jersey properties | 7.00% | Jun-23 | 6.3% |
| Commercial property development | To develop 2 luxury chalets in Val d'Isere | 10.00% | Oct-21 | 5.8% |
| Residential property development | To develop a 3 storey detached house in Isle of Man | 10.00% | Sep-21 | 4.9% |
| Residential property development | To develop 4 houses in Sutton Coldfield | 8.75% | Mar-23 | 4.6% |
| Residential property development | To develop 59 apartments in Gibraltar | 10.00% | Aug-21 | 4.3% |
| Residential property development | To develop 9 apartments in Hampstead, North London | 10.00% | Jul-21 | 4.2% |
| Total Top 10 Exposures | | | | 58.5% |

¹ A 24 month development loan to support the construction of 14 houses in Southport, a coastal town in Merseyside, North West England. The subject houses are being developed for the private sale market, alongside 11 apartments and 13 further houses which are being developed for shared ownership. The loan is made to a corporate entity and benefits from a 1st legal charge over the subject site (14 houses) along with supporting security, via a 1st legal charge over an office premises at The Amber Business Centre, Liverpool (value £495k). The development has an anticipated GDV of £4.58m on completion which equates to a loan to GDV of 63% (which would equate to 58% when including the Supporting Security).

² A 24 month loan to support a phased development programme of 3 residential assets located in Gibraltar. The loan benefits from security over the 3 subject assets along with security over an additional asset made up of 24 apartments and 2 commercial units located on Engineer Lane, Gibraltar. This additional asset is considered the anchor security and was a project previously funded by Sancus. Loan to value of 65% (assessed against day 1 values).

³ A 22 month loan to fund the refurbishment and development of the former Kingsgate College in Broadstairs, Kent into 18 apartments. Broadstairs is a popular coastal town located c.80 miles SE of London. The project is largely a refurbishment of the existing structure with a small amount of new build to create an extension to the east wing of the building. The project is likely to appeal to downsizers and second home owners looking for a coastal location with good links to London, and at the last Sancus site visit, reservations had been taken on 12 of the 18 apartments. The development has an anticipated GDV of £8.89m on completion which equates to a loan to GDV of 59%.

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