



Business Lending Secured Income Fund



Where to turn when storms brew in the finance markets

by Stuart Parfitt, Managing Director BLG

Records fell thick and fast as 314 yachts left the Isle of Wight headed for the Fastnet Rock off the southern coast of Ireland on the 14th August. The bi-annual Fastnet race is reputed to be the most gruelling and tactically challenging offshore sailing races. Held over a 608 mile course competitors are regularly treated to a vicious combination of winds and high seas that can thwart even the best prepared and trained.

But navigating the Fastnet would have been child's play compared with charting a path through the recent investment markets. August has seen a brutal market, battered by Euro debt crises and further recession fears in the US and Europe; stocks and commodities have fallen sharply. For most of 2011 the FTSE 100 Index has flirted with the 6,000 mark, generally trading in a range between 5,750 and 6,000. On the 1st August it entered a spiral of decline with successive falls down to and below 5,000. The intra-day trading statistics were even more tumultuous.

As investors have desperately scrambled for safe harbours, bond yields have fallen to some of the lowest levels ever recorded with UK Gilt yield for maturities less than 5 years mostly trading below 1%.

Steering into calmer waters - the BLSI Fund pays 9.1% p.a.

Regardless of all the market turmoil, August has seen the Business lending Secured Income Fund once again declare and pay its regular quarterly dividend at 9.1% p.a. equivalent.

More so than ever, investors are seeking positive returns from funds with strong risk management, which makes the BLSI Fund an attractive proposition. The fund only invests in residential property development in London and the South East with a maximum exposure of 70% of Gross Development Value (GDV); providing a 30% cushion against house price falls and protection of the investment principal.

Rough seas? It's all about liquidity...

The BLSI Fund offers good investment liquidity with the ability for investors to redeem their interest half-yearly after expiry of an initial 5 month commitment on 2 months' notice. As returns diminish and the markets continue to batter and storm, the BLSI Fund really does warrant serious consideration.



Investor Funds

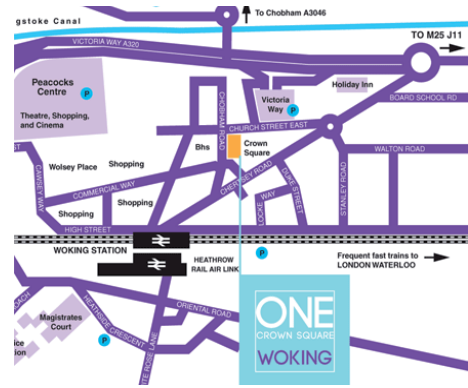
BLG update

New Business: The BLG Development Finance team continue to receive a steady stream of applications from house builders and developers, both existing long-term relationships and new enquiries. We have featured a typical project below.

Dividend Payment: We declared our regular quarterly dividend at the end of July and this was paid to our investors on 15th August at an annualised rate of 9.1%.

New office: In early August the team moved into its new head office at One Crown Square, Woking. Our head office is ideally located just 200m from Woking mainline railway station with easy links to London Waterloo and Heathrow.

New people: We are delighted to welcome several new people to the BLG team and will introduce our new faces in the next newswire.



Business Lending Secured Income Fund

A high income fund with principal secured by residential property



September's project case study: Funding for 2 luxury houses in an exclusive area of North London:

- Two Luxury 5-6 bedroom houses (c5,500 sqft each)
- Gross Development Value of £6,350,000
- A high demand, semi-rural location with golf course views
- A new loan with a maximum LTV of 64%
- This is a high-end experienced developer with many similar successful projects sold at profit.

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