AMP CAPITAL INVESTORS CROWN BIDCO LIMITED

FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR’S REPORT FOR THE PERIOD ENDED 31 DECEMBER 2018

Board of Directors
Adam James Petrie
Damian Philip Stanley (appointed 24 April 2018)
Manish Aggarwal (resigned 24 April 2018)

Portfolio Manager
AMP Capital Investors (UK) Limited
4th Floor Berkeley Square House
Berkeley Square
London W1J 6BX

Accounting Agent
MUFG Alternative Fund Services (Jersey) Limited
1st Floor, 2 Hill Street
St Helier
Jersey JE1 4FS

Custodian
Mitsubishi UFJ Investor Services & Banking
(Luxembourg) S.A.
287-289, Route d'Arlon
L-1150 Luxembourg
Grand Duchy of Luxembourg

The International Stock Exchange Listing Sponsor
Carey Olsen Corporate Finance Limited
47 Esplanade
St Helier
Jersey JE1 0BD

Independent Auditor
Ernst & Young S.A.
35E avenue John F. Kennedy
Luxembourg, L-1855
Luxembourg

Company Registration Number
11296348 (England and Wales)

The Directors submit their first strategic report for the period ended 31 December 2018.

Introduction
The Company was incorporated on 6 April 2018. On 26 June 2018, the Company purchased 49% of London Luton Airport ("LLA").

Principal Activity and Review of Business
The principal business activity of the Company is to act as the holding company of the 49% stake in LLA. LLA is the fifth largest airport in the United Kingdom ("UK"). Located 29 miles north of London, the airport is operated under a concession agreement with Luton Borough Council.

LLA has a large catchment area of 23 million people living within a two-hour drive. The airport operates from a single terminal and runway. In 2018, LLA flew 16.6 million passengers and generated revenues of £201.3 million. The airport generates its revenue from aeronautical activities, commercial, car parking and rental activities. LLA primarily serves the European short-haul leisure market with its main airlines, easyJet and Wizz Air and Ryanair.

Financial Highlights
The key financial highlights of the Company are as follows:

	Period from 6 April 2018 to 31 December 2018 GBP
Turnover	23,179,272
Total comprehensive income for the period	21,116,862
Total balance sheet	383,509,625

Risks associated with the business
The principal risks associated with the Company are inherently linked to the principal risks of LLA being safety and security, environmental and noise management, changes in demand, industrial relations and Brexit, together with liquidity, credit and financial instruments risks.

Safety and Security Risk
Drone activity and sightings over airfields have been issues of national interest, with the UK Government agencies including the Department for Transport and the Ministry of Defence involved in monitoring the situation. LLA works closely with government agencies and the police on security measures.

Environmental and Noise Risk
With an increasing focus on Environmental, Social and Governance ("ESG") matters, LLA is taking action to reduce its environmental footprint including through the use of environmental management systems and energy management systems which allow it to identify, manage, monitor and control environmental and energy issues.
Airlines at LLA are now committing to the early introduction of the new generation of quieter "neo-type" aircraft, which will reduce the airport's noise impact.

Changes in demand
Long-term changes in passenger demand for services out of LLA could adversely impact operational and financial performance of the airport.

Industrial relations
Industrial action by LLA employees affecting critical services or industrial action within key suppliers (e.g. air traffic controllers) or key clients (e.g. airlines) of the airport could adversely impact the operational and financial performance of the airport.

Brexit
The uncertainty surrounding the timing and conditions for the UK to leave the European Union could impact the business of LLA. For example, if passenger volumes are reduced or the value of the pound falls making air travel less affordable. Whether Brexit related risks materialise will be dependent in part on the ongoing negotiation between the British government and the European Union.

Credit Risk
The Company's principal financial assets are bank balances and cash together with financial assets. The Company has no significant credit risk.

Liquidity Risk
In order to maintain liquidity to ensure that sufficient funds are available for on-going operations and future developments, the Company uses long term debt finance. The interest-bearing loan payable relating to 8% unsecured loan notes is payable on 26 June 2027.

Approved on behalf of the Board

Director:

Date: 21/06/2019

The Directors submit their first report and the audited financial statements of AMP Capital Investors Crown Bidco Limited (the "Company") for the period ended 31 December 2018.

Incorporation
The Company was incorporated as a private company in the United Kingdom on 6 April 2018 with registration number 11296348.

On 18 September 2018, Unsecured Loan Notes issued by the Company amounting to GBP 46,383,972, bearing a fixed interest rate of 8% and maturing in 2027, were listed on The International Stock Exchange.

Principal Activity
The Company holds 49% of the shares in London Luton Airport, the fifth largest airport in the United Kingdom.

Results and Dividends
The results for the period are set out on page 9. The Directors do not to recommend the payment of a dividend in respect of the period ended 31 December 2018.

Events After the Reporting Period
There have been no identified events after the balance sheet date.

Directors
The Directors of the Company, who held office during the period and up to the date of signing the Financial Statements, are shown on page 1.

Independent Auditor
Ernst & Young S.A. was appointed as auditor during the period and have expressed their willingness to continue in office.

Directors' Responsibilities
The Directors is responsible for preparing the financial statements in accordance with applicable law and regulations

Company law requires the Directors to prepare financial statements for each financial period. Under that law they have elected to prepare the financial statements in accordance with International Financial Reporting Standards and applicable law. In preparing the financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and appropriate;
- state whether applicable accounting standards have been followed; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with applicable law. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

Directors' Responsibilities (continued)

The Company's operations expose it to a variety of risks related to financial instruments that include the effect of credit risk, liquidity risk and market risk as disclosed in Note 12 to the financial statements in detail. The Company has implemented policies that require appropriate identification, measurement and monitoring of such risks. The Company's investment guidelines has set out its overall business strategy, tolerance for risk and risk management philosophy. The Directors are responsible for identifying and controlling risks and for implement risk policies.

So far as each of the Directors is aware, at the time this report is approved:

- There is no relevant audit information of which the Company's auditors are unaware; and
- The Directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

The Directors confirm compliance with the above requirements in preparing the financial statements.

Approved on behalf of the Board

Director

Date

21/06/2019

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Independent auditor's report

To the Board of Directors of
AMP Capital Investors Crown Bidco Limited
4th Floor Berkeley Square House
Berkeley Square
London W1J 6BX

Opinion

We have audited the financial statements of AMP Capital Investors Crown Bidco Limited (the "Company"), which comprise the statement of financial position as of 31 December 2018, and the statement of comprehensive income, the statement of changes in equity and statement of cash flows for the period from 6 April 2018 (date of incorporation) to 31 December 2018, and the notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2018, and of its financial performance and its cash flows for the period from 6 April 2018 (date of incorporation) to 31 December 2018 in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS").

Basis for Opinion

We conducted our audit in accordance with the Law of 23 July 2016 on the audit profession (the "Law of 23 July 2016") and with International Standards on Auditing ("ISAs") as adopted for Luxembourg by the "Commission de Surveillance du Secteur Financier" ("CSSF"). Our responsibilities under those Law and standards are further described in the "responsibilities of the "réviseur d'entreprises agréé" for the audit of the financial statements" section of our report. We are also independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code") as adopted for Luxembourg by the CSSF together with the ethical requirements that are relevant to our audit of the financial statements, and have fulfilled our other ethical responsibilities under those ethical requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

The Board of Directors is responsible for the other information. The other information comprises the information included in the Report of the Board of Directors and in the Strategic Report but does not include the financial statements and our report of the "réviseur d'entreprises agréé" thereon.

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Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report this fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and those charged with governance for the financial statements

The Board of Directors is responsible for the preparation and fair presentation of these financial statements in accordance with IFRS, and for such internal control as the Board of Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Responsibilities of the "réviseur d'entreprises agréé" for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a report of the "réviseur d'entreprises agréé" that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

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- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.

- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report of the "réviseur d'entreprises agréé" to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our report of the "réviseur d'entreprises agréé". However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Ernst & Young
Société anonyme
Cabinet de révision agréé

Ernst & Young

Luxembourg, 4 July 2019

AMP CAPITAL INVESTORS CROWN BIDCO LIMITED
Statement of Comprehensive Income
For the Period Ended 31 December 2018

	Note	Period from 6 April 2018 to 31 December 2018 GBP
Income		
Dividend income	3	8,428,000
Loan interest income	5	2,216,264
Unrealised gain on financial assets at fair value through profit or loss	3	15,152,753
Total Income		25,797,017
Expenses		
Transactions costs	6	(2,617,745)
Loan interest expense	9	(1,921,440)
Accounting fees	6	(2,704)
Audit fees		(11,027)
Professional fees		(126,550)
Other expenses		(645)
Net foreign exchange loss		(44)
Total Operating Expenses		(4,680,155)
Profit for the financial period before tax		21,116,862
Tax expense	11	-
Profit for the financial period		**21,116,862**
Other comprehensive income		-
Total Comprehensive Income for the Period		**21,116,862**

These financial statements were approved by the Board of Directors and signed on its behalf by:

Director

Date: 21/06/2019

The accompanying notes and the attached financial statements of the Company are an integral part of these financial statements

AMP CAPITAL INVESTORS CROWN BIDCO LIMITED
Statement of Financial Position
As at 31 December 2018

	Note	31 December 2018 GBP
ASSETS		
Current Assets		
Cash and cash equivalents	7	10,909,625
Receivable	5	345,656
Total Current Assets		**11,255,281**
Non-Current Assets		
Financial assets at fair value through profit or loss	3	325,870,372
Loans receivable	5	46,383,972
Total Non-Current Assets		**372,254,344**
TOTAL ASSETS		**383,509,625**
EQUITY AND LIABILITIES		
Equity		
Share capital	8	3,140,736
Share premium	8	310,932,840
Retained earnings		21,116,862
Total Equity		**335,190,438**
Non-Current Liabilities		
Loans payable	9	46,383,972
Total Non-Current Liabilities		**46,383,972**
Current Liabilities		
Other payables	10	1,935,215
Total Current Liabilities		**1,935,215**
Total Liabilities		**48,319,187**
TOTAL EQUITY AND LIABILITIES		**383,509,625**

These financial statements were approved by the Board of Directors and signed on its behalf by:

Director

Date: 21/06/2019

The accompanying notes and the attached financial statements of the Company are an integral part of these financial statements

	Share Capital GBP	Share Premium GBP	Retained Earnings GBP	Total GBP
Balance at 6 April 2018	-	-	-	-
Increase during the period	3,140,736	310,932,840	-	314,073,576
Profit for the period	-	-	21,116,862	21,116,862
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	-	-	21,116,862	21,116,862
Balance at 31 December 2018	**3,140,736**	**310,932,840**	**21,116,862**	**335,190,438**

The accompanying notes and the attached financial statements of the Company are an integral part of these financial statements

	Note	Period from 6 April 2018 to 31 December 2018 GBP
Cash flows from operating activities:		
Operating expenses paid		(127,195)
Net Cash Outflow from Operating Activities		(127,195)
Cash flows from investing activities:		
Purchase of financial assets at fair value through profit or loss		(310,717,619)
Granting of interest bearing loan	5	(46,383,972)
Transaction costs paid	6	(2,617,745)
Dividend income received	3	8,428,000
Loan interest received		1,870,608
Net Cash Outflow from Investing Activities		(349,420,728)
Cash flows from financing activities:		
Contributions received	8	314,073,576
Proceeds from loan notes issued	9	46,383,972
Net Cash Inflow from Financing Activities		360,457,548
Net increase in cash and cash equivalents		10,909,625
Cash and cash equivalents at the beginning of the period		-
Cash and cash equivalents at the end of the period	7	**10,909,625**

1. Organisation

AMP Capital Investors Crown Bidco Limited (the "Company") is a private company incorporated in the United Kingdom on 6 April 2018. On 12 April 2019, the Company's registered office changed from 4th Floor, Berkely Square House, Berkeley Square, London, United Kingdom, W1J 6BX to 3rd Floor, 11-12 James's Square, London SW1Y 4LB.

The financial statements were authorised for issue by the Directors on 21 June 2019.

2. Significant Accounting Policies

2.1 Basis of Preparation
The Company's financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). The financial statements have been prepared on a historical cost basis, except for financial instruments classified at fair value through profit or loss ("FVPL"). In accordance with paragraph 18 of IAS 28 *Investments in Associates and Joint Ventures*, the Company elected to measure its investment in associate at FVPL in accordance with IFRS 9 *Financial Instruments* ("IFRS 9") (see Note 2.2).

The financial statements are presented in British Pounds (GBP) and cover the period from the date of incorporation, 6 April 2018, to 31 December 2018.

New and revised accounting standards
IFRS 9 *Financial Instruments*
During the period, the Company has applied IFRS 9 and the related consequential amendments to other IFRSs which became effective for the period from 1 January 2018. IFRS 9 introduces new requirements for the classification and measurement of financial assets and financial liabilities, impairment for financial assets, and general hedge accounting.

As these are the first financial statements of the Company, the date of initial application is the date of the Company's incorporation, 6 April 2018.

Classification and measurement
The Company has assessed the classification of financial instruments as at the date of application and based on that assessment:
- Equity instruments are to be measured at fair value.
- Loans and receivables which are held to collect contractual cash flows and give rise to cash flows representing solely payments of principal and interest are measured at amortised cost.
- The adoption of IFRS 9 had no impact on the classification of the Company's financial liabilities. The Company has not designated any financial liabilities at FVPL.

Impairment
IFRS 9 requires an entity to record the expected credit losses ("ECL") on all receivables, either on a 12-month or lifetime basis. Given the limited exposure of the Company to credit risk, this has not had a material impact on the financial statements.

Hedge accounting
The Company will not apply hedge accounting under IFRS 9.

Standards issued but not yet effective
There are certain standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Company's financial statements. The Company intends to adopt applicable standards when they become effective. However, none of these standards is expected to have a material impact on the Company's financial statements.

2. Significant Accounting Policies (continued)

2.1 Basis of Preparation (continued)
Significant accounting judgements and estimates
The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Management believes that the estimates utilised in preparing its financial statements are reasonable and prudent. Actual results could differ from these estimates.

(i) Use of estimates, judgements and assumptions
The making of judgements, estimates and assumptions is a necessary part of the financial reporting process and these judgements, estimates and assumptions can have a significant effect on the reported amounts in the financial statements. Estimates and assumptions are determined based on information available at the time of preparing the financial statements and actual results may differ from these estimates and assumptions. Had different estimates and assumptions been adopted, this may have had a significant impact on the financial statements. Significant accounting judgements, estimates and assumptions are re-evaluated at each reporting date in the light of historical experience and changes to reasonable expectations of future events. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

(ii) Fair value of investments not quoted in an active market
The fair value of securities that are not quoted in an active market is determined by using widely accepted valuation techniques to determine fair values for financial instruments. These techniques include using exchange traded prices, market comparables, suitable indices, valuation of the sum of the parts on refinance and the discounted cash flow model. The models used to determine fair values are validated and periodically reviewed by the Directors. The inputs in the discounted cash flow models include unobservable inputs which are the projected cash flows of the relevant portfolio company and the risk premium for liquidity and credit risk that are incorporated into the discount rate. However, the discount rates used for valuing unlisted securities are determined based on available market information for other entities operating in the same industry for which market performance is observable.

The Directors use models to adjust the observed performance to reflect the actual debt/equity financing structure of the specific investment or additional fair value adjustments.

2.2 Financial instruments
(i) Classification
In accordance with IFRS 9, the Company classifies its financial assets and financial liabilities in the following measurement categories:
- those to be measured subsequently at fair value (either through other comprehensive income (“OCI”) or through profit or loss), and
- those to be measured at amortised cost.

The classification depends on the entity’s business model for managing the financial assets and the contractual terms of the cash flows.

Financial assets measured at FVPL
A financial asset is measured at fair value through profit or loss if:
- Its contractual terms do not give rise to cash flows on specified dates that are solely payments of principal and interest on the principal amount outstanding; or
- It is not held within a business model whose objective is either to collect contractual cash flows, or to both collect contractual cash flows and sell; or
- At initial recognition, it is irrevocably designated as measured at FVPL when doing so eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases.

2. Significant Accounting Policies (continued)

2.2 Financial instruments (continued)
Financial assets measured at FVPL (continued)
The Company includes in this category:

- *Equity instruments*: Included within equity instruments is the investment in associate.
  - Investment in associate: An associate is an entity over which an investor has significant influence, being the power to participate in the financial and operating policy decisions of the investee (but no control or joint control). In accordance with the exemption in paragraph 18 of IAS 28 *Investments in Associates and Joint Ventures*, the Company does not account for its investment in associate using the equity method. Instead, the Company has elected to measure its investment in associate at FVPL in accordance with IFRS 9.

The Company does not have any debt instruments or equity instruments measured at fair value through OCI. Therefore, the policy above does not further discuss such classification.

Financial assets measured at amortised cost
A debt instrument is measured at amortised cost if it is held within a business model whose objective is to hold financial asset in order to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. As at 31 December 2018, the Company includes its loans and interest receivable in this category.

Financial liabilities measured at FVPL
A financial liability is measured at FVPL if it meets the definition of held for trading or designated at initial recognition as measured at FVPL.

Financial liabilities measured at amortised cost
This category includes all financial liabilities, other than those measured at FVPL. The Company classified its other payables in this category.

(ii) Recognition
The Company recognises a financial asset or a financial liability when, and only when, it becomes a party to the contractual provisions of the instrument.

Purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the marketplace are recognised on the trade date, i.e. the date that the Company commits to purchase or sell the asset.

(iii) Initial measurement
Financial assets and financial liabilities at FVPL are recorded in the Statement of Financial Position at fair value. All transaction costs for such instruments are recognised directly in profit or loss.

Financial assets and liabilities (other than those classified as FVPL) are measured initially at their fair value plus any directly attributable incremental costs of acquisition or issue.

(iv) Subsequent measurement
After initial measurement, the Company measures financial instruments which are classified as at FVPL, at fair value. Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Subsequent changes in the fair value of the financial instruments at FVPL are recognised in the Statement of Comprehensive Income.

Debt instruments, other than those classified as at FVPL, are measured at amortised cost using the effective interest method less any allowance for impairment. Gains and losses are recognised in profit or loss when the debt instruments are derecognised or impaired, as well as through the amortisation process.

2. Significant Accounting Policies (continued)

2.2 Financial instruments (continued)

(iv) Subsequent measurement (continued)
Financial liabilities, other than those classified as at FVPL, are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, as well as through the amortisation process.

The effective interest rate method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts throughout the expected life of the financial instrument to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, the Directors estimate cash flows considering all contractual terms of the financial instrument but does not consider future credit losses. The calculation includes all fees and points paid or received between the parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

Impairment
The Company records an allowance for Expected Credit Losses ("ECLs") for all loans and other debt financial assets not held at FVPL. ECL allowance is based on the credit losses expected to arise over the life of the asset (the lifetime expected credit loss or LTECL), unless there has been no significant increase in credit risk since origination, in which case, the allowance is based on the 12 months' expected credit loss ("12mECL").

The 12mECL is the portion of LTECL that represents the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date.

Both LTECL and 12mECL are calculated on either an individual basis or a collective basis, depending on the nature of the underlying portfolio of financial instruments.

Overview of the ECL principles
The Company has established a policy to perform an assessment, at the end of each reporting period, of whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument.

Based on the above process, the Company groups its loans into Stage 1, Stage 2 and Stage 3, as described below:
- Stage 1: When loans are first recognised, the Company recognises an allowance based on 12mECL.
- Stage 2: When a loan has shown a significant increase in credit risk since origination, the Company records an allowance for the LTECL.
- Stage 3: Loans considered credit-impaired. The Company records an allowance for the LTECL.

For debt instruments at amortised cost, the Company applies the low credit risk simplification. At every reporting date, the Company evaluates whether the debt instrument is considered to have low credit risk using all reasonable and supportable information that is available without undue cost or effort. In making that evaluation, the Company reassesses the internal credit rating of the debt instrument. In addition, the Company considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

The Company considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

2. Significant Accounting Policies (continued)

2.2 Financial instruments (continued)
(iv) Subsequent measurement (continued)
Calculation of ECL
The Company calculates ECL based on four probability-weighted scenarios to measure the expected cash shortfalls, discounted at an approximation to the EIR. A cash shortfall is the difference between the cash flows that are due to an entity in accordance with the contract and the cash flows that the entity expects to receive.

The mechanics of the ECL calculations are outlined below and the key elements are, as follows:
- PD: The Probability of Default is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed period, if the facility has not been previously derecognised and is still in the portfolio.
- EAD: The Exposure at Default is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, whether scheduled by contract or otherwise, expected drawdowns on committed facilities, and accrued interest from missed payments.
- LGD: The Loss Given Default is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realisation of any collateral or credit enhancements that are integral to the loan. It is usually expressed as a percentage of the EAD.

(v) Derecognition
A financial asset (or, where applicable, a part of a financial asset or a part of a group of similar financial assets) is derecognised where the rights to receive cash flows from the asset have expired, or the Company has transferred its rights to receive cash flows from the asset, or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a pass-through arrangement and the Company has:
- Transferred substantially all of the risks and rewards of the asset; or
- Neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its right to receive cash flows from an asset (or has entered into a pass-through arrangement), and has neither transferred nor retained substantially all of the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Company's continuing involvement in the asset. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

The Company derecognises a financial liability when the obligation specified in the contract is discharged, cancelled or expires.

(vi) Fair value estimation
Ordinarily, the Company's valuation model technique for its assets follows the methodology of AMP Capital Investors (UK) Limited, which uses a wide range of widely accepted valuation techniques to determine fair values for equity and debt instruments. These techniques include using traded prices, market comparables, suitable indices, valuation of the sum of the parts on refinance and the discounted cash flow model.

2.3 Foreign currency translation
(i) Functional and presentation currency
Items included in the Company's financial statements are measured and presented using the currency of the primary environment in which it operates (the "functional currency"). This is the British Pounds (GBP), which is based on the principal investment which is denominated in GBP.

(ii) Foreign exchange translation
Assets and liabilities denominated in foreign currencies are translated into GBP at the exchange rates ruling at the reporting date. Transactions in foreign currencies are translated into GBP at the exchange rates ruling at the dates of the transactions. Gains and losses on foreign exchange transactions are recognised in the Statement of Comprehensive Income in determining the result for the period.

2. Significant Accounting Policies (continued)

2.4 Offsetting financial instruments

The Company is eligible to present net on the Statement of Financial Position certain financial assets and liabilities. As at 31 December 2018, the Company did not hold any financial assets or liabilities, balances due to brokers or cash collateral that are subject to offsetting under IFRS. Therefore the quantitative disclosures required under IFRS 7 are not presented in the financial statements.

2.5 Receivables

If not received at the end of the reporting period, income is reflected in the Statement of Financial Position as receivables. Receivables are measured at amortised cost. An allowance for doubtful debts is made when there is objective evidence that the Company will not be able to collect the debts. Given the short-term nature of most receivables, their carrying amounts approximate their fair values.

2.6 Cash and cash equivalents

For the purposes of the Statement of Cash Flows, cash and cash equivalents include deposits held at call with a bank or financial institution with an original maturity date of three months or less. Cash and cash equivalents also include highly liquid investments which are readily convertible to cash on hand at the Directors' option and which the Directors use in their day to day management of the Company's cash requirements.

2.7 Payables and accrued expenses

Payables are recognised for amounts to be paid in the future for goods and services received, whether or not billed to the Company. Payables are measured at amortised cost. Amounts are generally paid within 30 to 60 days of being recognised as payables. Given the short-term nature of most payables, their carrying amounts approximate their fair values.

2.8 Professional expenses

Professional expenses are costs incurred on a regular basis for fees paid to regulatory bodies and fees paid to agents for carrying out the duties on behalf of the Company for regulatory and compliance purposes. These costs are immediately recognised in Statement of Comprehensive Income as an expense.

2.9 Current and deferred taxation

Tax is recognised in profit or loss, except that a charge attributable to an item of income or expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date.

Deferred balances are recognised in respect of all timing differences that have originated but not reversed by the end of the reporting period, except:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

3. Financial Assets at Fair Value through Profit or Loss

	2018
	GBP
Equity instruments	
Investment in associate	325,870,372
Total financial assets at fair value through profit or loss	**325,870,372**
Unrealised gain on financial assets at fair value through profit or loss	15,152,753
Net change in fair value	**15,152,753**

On 26 June 2018, the Company completed the acquisition of 49% of the shares in London Luton Airport Holdings III Limited, represented by 48,314,000 shares.

On 27 November 2018, the Company received a dividend income of GBP 8,428,000.

4. Fair Value of Financial Instruments

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 - Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices).
- Level 3 - Inputs for the assets or liability that are not based on observable market data (unobservable inputs).

Assessing the significance of a particular input requires judgement, considering factors specific to the asset or liability.

The following table shows financial instruments recognised at fair value:

	Fair Value as of 31 December 2018			
	Level 1	**Level 2**	**Level 3**	**Total**
Financial assets	**GBP**	**GBP**	**GBP**	**GBP**
Equity instruments				
Investment in London Luton Airport	-	-	325,870,372	325,870,372
	-	**-**	**325,870,372**	**325,870,372**

There were no transfers into or out of Level 3 during the period ended 31 December 2018.

The following table shows a reconciliation of all movements in the fair value of financial assets categorised with Level 3 between the beginning and the end of the reporting period.

	2018
	GBP
Balance at the beginning of period	-
Purchases	310,717,619
Change in unrealised gain	15,152,753
Balance at the end of period	**325,870,372**
Total gains and losses for the period included in profit or loss for assets held at the end of the reporting period	**15,152,753**

The Company's holding is classified as Level 3 and consists of equity investments. The Portfolio Manager takes into account all aspects of the underlying investment's position when valuing the instrument using net present value and of estimated future cash flows. The Portfolio Manager also considers other liquidity, credit and market risk factors and adjusts the valuation accordingly as fair value.

4. Fair Value of Financial Instruments (continued)

Sensitivity analysis to significant changes in unobservable inputs within Level 3 hierarchy

The underlying asset was valued on the basis of discounted cash flow ("DCF") model. The table below shows the impact of change in this parameter on the fair value of its investment considering a 5% change in the expected revenue:

	Impact on Fair Value 2018 GBP
Increase of 5% in revenue	14,379,404
Decrease of 5% in revenue	(14,379,404)

5. Loans Receivable

	2018 GBP
Interest-bearing loan receivable	46,383,972
	46,383,972

The interest-bearing loan receivable relates to 8% unsecured loan notes due on 26 June 2027 issued by London Luton Airport Holdings II Limited. During the period ended 31 December 2018, the Company recognised an interest income of GBP 2,216,264, of which GBP 345,656 remained outstanding at the end of the reporting period.

The fair value of the loan approximates its carrying value at amortised cost.

6. Fees and Expenses

Accounting Fees

MUFG Alternative Fund Services (Jersey) Limited (the "Accounting Agent") has been appointed to provide accounting services to the Company. The Accounting Agent receives, out of the assets of the Company, a fixed accounting fee of USD 6,000 per annum.

During the period ended 31 December 2018, accounting fees amounted to GBP 2,704.

Transaction costs

Transaction costs are expenses incurred in relation to the acquisition of the investment measured at FVPL, such as legal fees, tax advisory fee and other transaction fees. Transaction costs incurred during the period ended 31 December 2018 amounted to GBP 2,617,745.

7. Cash and Cash Equivalents

The Company's cash and cash equivalents are held by Mitsubishi UFJ Investor Services & Banking (Luxembourg) S.A. ("MUFG"). The Company is exposed to credit risk to the extent of cash and cash equivalents held by MUFG at any given point in time.

	2018 GBP
Cash at bank	10,909,625
	10,909,625

8. Share Capital and Share Premium

Authorised, issued and fully paid

	Share capital GBP	**Share premium GBP**	**Total GBP**
314,073,576 ordinary shares at GBP 0.01 each	3,140,736	310,932,840	314,073,576
Balance as at 31 December 2018	**3,140,736**	**310,932,840**	**314,073,576**

9. Loans Payable

	2018 GBP
Interest bearing loan payable	46,383,972
	46,383,972

The interest-bearing loan payable relates to 8% unsecured loan notes payable on 26 June 2027. These loan notes were listed on The International Stock Exchange in the Channel Islands on 18 September 2018.

During the period ended 31 December 2018, the Company recognised an interest expense of GBP 1,921,440 which remained outstanding at the end of the reporting period (see Note 10).

Reconciliation of movements in loans payable to cash flows arising from financing activities

	2018 GBP
Cash flow changes	
Proceeds from loan notes issued	46,383,972
Balance at the end of financial period	**46,383,972**

10. Other Payables

	2018 GBP
Loan interest payable (Note 9)	1,921,440
Accounting fee payable	2,748
Audit fee payable	11,027
	1,935,215

11. Taxation

The Company's income tax expense for the period ended 31 December 2018 is GBP Nil.

The reconciliation of tax expense to the the accounting profit multiplied by the tax rate for 2018 is as follows:

	2018 GBP
Profit for the financial period before tax	21,116,862
Tax at the current tax rate of 19%	4,012,204
Effect of non-taxable income	(4,901,433)
Effect of non-deductible expenses	889,229
Total tax expense	**-**

12. Risk Associated with Financial Instruments

Risk is inherent in the Company's activities but it is managed through a process of ongoing identification, measurement and monitoring, subject to risks limits and other controls. The Company is exposed to market risk (which includes currency risk, interest rate risk and other price risk), credit risk and liquidity risk arising from the financial instruments it holds.

The Company has investment guidelines that set out its overall business strategies, its tolerance for risk and its general risk management philosophy.

12. Risk Associated with Financial Instruments (continued)

The Directors are ultimately responsible for identifying and controlling risk. The Company's assets and liabilities comprise financial instruments which include:

- Investments. These are held with the Company's investment objectives and policies;
- Cash, liquid resources and short-term debtors and creditors that arise directly from its investment activities;
- Financial liabilities whose value is derived from the Companys' total liabilities.

The nature and extent of the financial instruments outstanding at the reporting date and the risk management policies employed by the Company are as follows.

Market risk
Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices and includes interest rate risk and foreign currency risk. Price movements are influenced by, among other things, changing supply and demand relationships, monetary and exchange control programs, policies of governments, political and economic events, and policies and emotions of the marketplace.

The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. The Company conducts its investment operations in a manner that seeks to exploit the potential gains in the market, while limiting its exposure to market declines and holding an exit strategy for unacceptable market situation.

The Company's income and operating cash flows are substantially independent of changes in market interest rates and the investments are not classified as held for sale therefore, short term fair value variances do not constitute a fundamental risk for the Company.

To manage the market price risk, the Directors will review the performance of the portfolio company on a regular basis and will be in contact with the management of the portfolio company for business and operational matters. The impact of market price risk is disclosed in Note 4 where sensitivity analysis is presented. The valuation techniques are further discussed in Note 2.1 Significant accounting judgements and estimates.

The maximum risk resulting from these financial instruments is determined by the realisable value of the financial instruments which is disclosed in Note 3 and Note 4. The Company's overall positions are managed by the Portfolio Manager and are monitored on a quarterly basis by the Directors.

Interest rate risk
Interest rate risk is the risk that changes in interest rates will affect future cash flows or the fair values of financial instruments. The Company's exposure to the risk of changes in market interest rates risk relates primarily to the Company's cash and cash equivalents. In the Directors' opinion, interest rate risk is minimal.

The table below summarises the Company's exposure to interest rate risk. It includes the Company's assets and liabilities at fair values, categorised by the earlier of contractual re-pricing or maturity dates.

31 December 2018	Up to 3 months GBP	Fixed interest GBP	Non-interest Bearing GBP	Total GBP
Assets				
Financial assets at FVPL				
Equity instruments	-	-	325,870,372	325,870,372
Loans receivable	-	46,383,972	-	46,383,972
Interest receivable	-	-	345,656	345,656
Cash and cash equivalents	10,909,625	-	-	10,909,625
Total assets	**10,909,625**	**46,383,972**	**326,216,028**	**383,509,625**
Liabilities				
Loans payable	-	(46,383,972)	-	(46,383,972)
Other liabilities	-	-	(1,935,215)	(1,935,215)
Total liabilities	**-**	**(46,383,972)**	**(1,935,215)**	**(48,319,187)**

12. Risk Associated with Financial Instruments (continued)

Market risk (continued)
Foreign exchange risk
Foreign exchange risk is the risk that the fair value of the future cash flows of a financial instrument will fluctuate due to foreign exchange rates vis-à-vis the functional currency (GBP).

The Company holds monetary assets and liabilities denominated in currencies other than the functional currency. It is therefore exposed to foreign exchange risk, as the value of the financial instruments denominated in other currencies will fluctuate due to the changes in foreign exchange rates. The Portfolio Manager is responsible for managing the net position of the monetary positions in each foreign currency by using currency derivatives including but not limited to external forward currency contracts and cross currency swaps. In accordance with the Company's policy, the Portfolio Manager monitors the Company's currency position, including monetary items, on a monthly basis.

The principal exchange rates to the GBP used in the preparation of the financial statements at 31 December 2018:

	2018
USD	0.78
EUR	0.88

As at 31 December 2018, the Company had the following exposure to foreign currency. The amounts disclosed are the contractual undiscounted cash flows translated into GBP.

	2018	**2018**
	EUR	**USD**
Liabilities		
Other payables	11,027	(2,748)
Net exposure	**(11,027)**	**(2,748)**

The Company's exposure to foreign exchange risk as at 31 December 2018 is not material. Hence, a sensitivity analysis has not been prepared.

Credit risk
Credit risk is the risk that a counterparty will be unable to meet a commitment it has entered into with the Company. The Company may be adversely impacted by an increase in its credit exposure related to investing, financing, and other activities. The Company is exposed to the potential for credit-related losses that can occur as a result of an individual, counterparty or issuer being unable or unwilling to honour its contractual obligations. These credit exposures exist within financing relationships, commitments and other transactions. These exposures may arise, for example, from a decline in the financial condition of a counterparty. As the Company's credit exposure increases, it could have an adverse effect on the Company's business and profitability if material unexpected credit losses occur.

It is the Company's policy to enter into financial arrangements with reputable counterparties.

The Portfolio Manager's policy is to closely monitor the creditworthiness of the Company's counterparties (e.g., custodian and banks) by reviewing their credit ratings, financial statements and press releases on a regular basis.

Credit risk disclosures are segmented into two sections based on whether the underlying financial instrument is subject to IFRS 9's impairment disclosures or not.

Financial assets subject to IFRS 9's impairment requirements
The Company's financial assets subject to the ECL model within IFRS 9 are its loans receivable and short-term receivables. At 31 December 2018, the total of loans and other receivables was GBP 46,729,628, on which no loss allowance was provided. These assets are not considered impaired and no amounts have been written off.

12. Risk Associated with Financial Instruments (continued)

Credit risk (continued)
Financial assets not subject to IFRS 9's impairment requirements
The Company has no financial asset not subject to IFRS 9's impairment requirements as its equity investments are measured at FVPL.

The Company's maximum exposure to credit risk (not taking into account the value of any collateral or other security held) in the event that counterparties fail to perform their obligation as at period end, is the carrying of the financial assets as set out below.

	2018 GBP
Loans receivable	46,383,972
Cash and cash equivalents	10,909,625
Receivables	345,656
Total	**57,639,253**

Liquidity risk
Liquidity risk is defined as the risk that the Company may not be able to settle or meet its obligations on time or at a reasonable price.

The Company's financial instruments include investment in unlisted equity investment which are not traded in an organised public market and which may be illiquid. As a result the Company may not be able to promptly liquidate its investment at an amount closer to its liquidity requirements or to respond to specific events such as deterioration in the credit worthiness of any particular issuer. It may be impracticable to assess the exposure to risk in such circumstances.

The table below analyses the Company's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts in the table are the contractual undiscounted cash flows.

	1 to 3 months GBP	**3 to 12 months GBP**	**1 to 5 years GBP**	**More than 5 years GBP**	**Total GBP**
At 31 December 2018					
Loans payable	-	-	-	46,383,972	46,383,972
Interest payable	-	3,710,718	14,842,741	12,941,764	31,495,353
Accrued expenses	-	1,935,215	-	-	1,935,215
Total financial liabilities	**-**	**5,645,933**	**14,842,741**	**59,325,736**	**79,814,540**

Capital risk management
The capital of the Company is represented by the share capital, share premium and retained earnings. The Company's objective when managing the capital is to safeguard the ability to continue as a going concern in order to provide returns for partners and benefits for other stakeholders and to maintain a strong capital base to support the development of the investment activities of the Company. In order to maintain or adjust the capital structure, the Directors may call from or distribute funds to the shareholders. The Directors monitor capital on the basis of the total equity.

13. Related Party Transactions

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

The Directors are a related party of the Company, being responsible for the financial and operating decisions of the Company. The Directors have no holding in the Company and no remuneration was paid to the Directors for the period ended 31 December 2018.

AMP Capital Investors (UK) Limited (the "Portfolio Manager") has been appointed as Portfolio Manager to the Company. The appointment of the Portfolio Manager shall be without charge to the Company.

The Company's immediate parent company is AMP Capital Investors Crown Midco Limited being the holder of 100% of the Company's issued shares. The Directors believe that there is no ultimate controlling party as there is no one entity which holds a controlling interest in the Company.

14. Operating segment

The Company operates in one operating segment being the holding of the investment in London Luton Airport. No dedicated management reporting information is presented for the Company to a chief decision maker; only the annual financial statements are presented to the management of the Company in analysing its performance.

15. Events after the reporting period

On 25 March 2019, the Company approved the payment of interim dividends amounting to GBP 8,197,320.

Other than the above, there are no matters or circumstances that have arisen since the end of the financial period that requires adjustment to the amounts reported or disclosures presented in the financial statements at the date of signing.