

**COMPANY REGISTRATION NO: 11010044**

**CLI HOLDINGS LIMITED  
ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019**

**CLI Holdings Limited**  
**Content**  
**for the year ended 31 December 2019**

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**CLI Holdings Limited**  
**Company Information**  
**for the year ended 31 December 2019**

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<b>DIRECTORS:</b>	Joint Corporate Services Limited TMF Corporate Directors Limited Nita Savjani
<b>SECRETARY:</b>	TMF Corporate Administration Services Limited
<b>REGISTERED OFFICE:</b>	TMF Group 8th Floor 20 Farringdon Street London EC4A 4AB
<b>COMPANY REGISTRATION NO.</b>	11010044 (England and Wales)
<b>INDEPENDENT AUDITORS:</b>	PricewaterhouseCoopers LLP 7 More London Riverside London SE1 2RT
<b>CASH MANAGER</b>	TMF Global Services (UK) Limited 8th Floor 20 Farringdon Street London EC4A 4AB

**CLI Holdings Limited**  
**Strategic report**  
**for the year ended 31 December 2019**

The directors present their strategic report of CLI Holdings Limited ("the Company"), together with the audited financial statements and independent auditors' report for the year ended 31 December 2019.

**REVIEW OF THE BUSINESS**

The main purpose of the Company is to be a member of Cairn Loan Investments LLP ("CLI"). CLI was established to provide collateral management services to offshore Collateralised Loan Obligation ("CLO") vehicles and invest in the most junior tranche of loan notes that are issued by these vehicles. The Company has in issue listed loan notes in exchange for partnership interests in CLI.

TMF Trustee Limited as the share trustee of the Company is a controller of the Company in accordance with the definition used by the Financial Conduct Authority ("FCA")/Prudential Regulation Authority ("PRA"). A notification was submitted to the FCA as the Company entered into a Deed of Adherence in relation to the Cairn Loan Investments LLP partnership agreement.

Interest on loan notes is determined based on income and gains of the Company generated from the underlying assets less losses, operating expenses and financing expenses, and after accounting for prior period losses and any holdback amount as noted in the securitisation agreement.

**RESULT**

The Company made a profit before tax for the year of €1,000 as per the securitisation agreement (2018: €250).

**KEY PERFORMANCE INDICATORS**

Due to the nature of the Company the Directors believe that there are no real key performance indicators. All income and gains generated by the company are paid to the loan noteholders as interest expense after taking into account prior period losses, operating expenses, financing expenses and any hold back amount as noted in the securitisation agreement. As such profit before taxation is not indicative of the performance of the Company.

During the year, the Company earned €25,065,271 (2018: €10,056,215) as investment & interest income and incurred €24,996,845 (2018: €9,967,481) as interest expense on loan notes issued. Details of this are presented in the Statement of Comprehensive Income on page 10.

**FUTURE DEVELOPMENTS**

The directors consider that the year-end financial position was satisfactory and do not anticipate any significant change in activities in the forthcoming year. Since the balance sheet date there has been a global outbreak of a coronavirus disease (COVID-19) which has widespread disruptions to financial markets and normal pattern of activities across the world.

Given the uncertainty raised by COVID-19, in order for the directors to be satisfied that there will continue to be sufficient funds to cover the administrative expenses and taxes of the Company, the Company has subsequently implemented a policy to ensure that cash reserves are maintained which would cover the expenses for the twelve-month period from the signing of the financial statements.

As the Investment into CLI was funded by the loan notes and both are carried at fair value, any change in the investment has an equal and opposite impact on the valuation of the liability of the loan notes. Although there is no overall net impact on the net assets of the entity, the market movements in March as a result of COVID-19, had a material impact on the absolute value of the investments and loan notes, although to the date of signing the values have seen some recovery.

Note 9.1 describes how sensitive the fair value of the investment are to key assumptions.

**FINANCIAL RISK MANAGEMENT**

The Company has established a Risk and Financial Framework where its primary role is to protect the company from events that hinder the achievements of the Company's performance. The Company is a securitisation company which has been structured so as to avoid, as far as possible, significant financial risk. Further details regarding financial risk factors and exposure of the Company to capital risk, credit risk, interest rate risk, foreign currency risk and liquidity risk are discussed below.

As discussed in the Future developments section, the recent global outbreak of COVID-19 has caused widespread disruptions to financial markets and normal pattern of activities across the world. The Company considers that the Coronavirus situation will have the potential to impact most of the risks outlined below but believes that the mitigation set out in each section remains appropriate.

**Capital risk**

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern. The Company is not subject to any external capital requirements except for the minimum requirement under the Companies Act 2006. The Company has not breached the minimum requirement.

**Credit risk**

Credit risk reflects the risk that the underlying borrowers or other transaction parties may not meet their obligations as they fall due.

The Company mitigates credit risk by matching a significant portion of the principal amount and interest due from its investment in CLI with the loan notes it has issued to investors. The value of CLI depends on the value of the underlying CLOs that CLI holds.

These investments are carried at fair value based on discounted cash flow models using market derived inputs. Any change in the value of the underlying investment in CLI has an equal and opposite impact on the value of the loan notes that the Company has issued to investors. As the interest receivable on the Investment covers the interest payment obligation on the loan notes and given the limited recourse nature of the loan notes the Company's credit risk is mitigated.

Cash is deposited at major UK financial institutions only.

The Company's maximum exposure to credit risk on its financial assets is disclosed below:

<b>31-Dec-19</b>	<b>Carrying value €</b>	<b>Maximum exposure €</b>
Investments	117,441,915	117,441,915
Trade and other receivables	425,268	425,268
Other assets	9,571	9,571
Cash and cash equivalents	15,071	15,071
<b>Total</b>	<b>117,891,825</b>	<b>117,891,825</b>
<b>31-Dec-18</b>	<b>Carrying value €</b>	<b>Maximum exposure €</b>
Investments	131,334,322	131,334,322
Trade and other receivables	1,123,366	1,123,366
Other assets	15,787	15,787
Cash and cash equivalents	10,895	10,895
<b>Total</b>	<b>132,484,370</b>	<b>132,484,370</b>

**Foreign currency risk**

The Company's assets and liabilities are denominated in Euros. The Company does incur some administrative costs in Sterling and is therefore operationally exposed to fluctuations in the respective exchange rates. Management does not feel it is necessary to hedge against this risk by entering into exchange rate contracts as this is not seen as a significant risk.

**Interest rate risk**

Interest rate risk exists where assets and liabilities have interest rates set under a different basis or which reset at different times. The Company's exposure to interest rate risk is limited as the majority of the interest rate characteristics of its assets and liabilities are similar.

**FINANCIAL RISK MANAGEMENT (continued)**

**Liquidity risk**

Liquidity risk is the risk that the Company is not able to meet its financial obligations as they fall due. In the management of liquidity risk, the Company monitors and maintains a level of cash at bank and in hand deemed adequate by management to finance the Company's operations and mitigate the effects of fluctuations in cash flows.

Given the uncertainty raised by COVID-19, in order for the directors to be satisfied that there will continue to be sufficient funds to cover the administrative expenses and taxes of the Company, the Company has subsequently implemented a policy to ensure that cash reserves are maintained which would cover the expenses for the twelve-month period from the signing of the financial statements.

Since the payment and receipt of interest on the loan notes and investment income from CLI respectively are approximately matched there is limited liquidity risk.

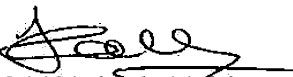
**GOING CONCERN**

The directors have at the time of approving the financial statements, a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future and at least 12 months from the date of this report. In assessing this they have considered the Company's net asset position and reviewed all available information about the future performance. They have therefore adopted the going concern basis of accounting in preparing the financial statements.

As the Investment into CLI was funded by the loan notes and both are carried at fair value, any change in the investment has an equal and opposite impact on the valuation of the liability of the notes. Although there is no overall net impact on the net assets of the entity, the market movements in March as a result of COVID19, had a material impact on the absolute value of the investments and loan notes, although to the date of signing the values have seen some recovery.

Given the uncertainty raised by COVID-19, in order for the directors to be satisfied that there will continue to be sufficient funds to cover the administrative expenses and taxes of the Company, the Company has subsequently implemented a policy to ensure that cash reserves are maintained which would cover the expenses for the twelve-month period from the signing of the financial statements.

It is not expected that any future potential or actual change in value of the CLO investments as a result of COVID-19 or other market factors will impact the going concern analysis of the Company in the future.



Isobel Coley for and on behalf of  
TMF Corporate Directors Limited  
Director

Date: 14 August 2020

**CLI Holdings Limited**  
**Directors' report**  
**for the year ended 31 December 2019**

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The directors present their report together with the audited financial statements on the affairs of the Company for the year ended 31 December 2019.

**DIVIDENDS**

The directors do not recommend the payment of a dividend for the year ended 31 December 2019.

**PRINCIPAL ACTIVITIES AND FUTURE DEVELOPMENTS**

The Company's principal activity is that of investing in Cairn Loan Investments LLP. On 11 September 2018 the Company was appointed as a non-designated member of Cairn Loan Investments LLP. The Directors do not anticipate any further future developments or changes to the principal activities of the Company.

**DIRECTORS**

The directors of the Company who were in office during the year and up to the date of signing the financial statements were;

- Joint Corporate Services Limited
- TMF Corporate Directors Limited
- Nita Savjani

**SECRETARY**

TMF Corporate Administration Services Limited.

**EMPLOYEES**

The Company has no employees. TMF Global Services (UK) Limited provides corporate management services to the Company.

**QUALIFYING THIRD-PARTY INDEMNITY PROVISION**

As permitted in the Articles of Association, the directors have the benefit of an indemnity which is a qualifying third party indemnity provision as defined by Section 234 of the Companies Act 2006. The indemnity was in force throughout the last financial year and is currently in force.

**STATEMENT AS TO DISCLOSURE OF INFORMATION TO INDEPENDENT AUDITORS**

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- the director has taken all steps that he/she ought to have taken as director in order to make himself/herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

**Independent Auditors**

Pursuant to section 487 of the Companies Act 2008, the auditors will be deemed to be reappointed and PricewaterhouseCoopers LLP ("PwC") will therefore continue in office.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act of 2006.

Approved by the Board of Directors and signed on behalf of the Board



Isobel Coley for and on behalf of  
TMF Corporate Directors Limited

Director

Date: 14 August 2020

## **STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS**

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law, the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard Applicable in the UK and Republic of Ireland, and applicable law). Under company law, the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102 have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; 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 also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

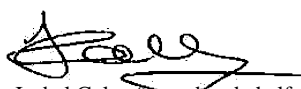
The directors are also responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions, disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006.

## **DIRECTORS' CONFIRMATIONS**

Each of the directors, whose names and functions are listed in Directors' Report confirm that, to the best of their knowledge:

- the company financial statements, which have been prepared in accordance with United Kingdom Generally Accepted Accounting Practices (United Kingdom Accounting Standards, comprising FRS102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law), give a true and fair view of the assets, liabilities, financial position and profit of the company; and
- the Directors' Report includes a fair review of the development and performance of the business and the position of the company, together with a description of the principal risks and uncertainties that it faces.

Approved by the Board of Directors and signed on behalf of the Board;



Isobel Coley for and on behalf of  
TMF Corporate Directors Limited  
Director

Date: 14 August 2020

# ***Independent auditors' report to the members of CLI Holdings Limited***

## **Report on the audit of the financial statements**

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### **Opinion**

In our opinion, CLI Holdings Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2019 and of its profit and cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the Statement of Financial Position as at 31 December 2019; the Statement of Comprehensive Income, the Statement of Cash Flows, the Statement of Changes in Equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

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### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Independence**

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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### **Our audit approach**

#### **Overview**



- Overall materiality: €1.2 million (2018: €1.3 million), based on 1% of total assets.
  - As CLI Holdings Limited's main purpose is to be a member of Cairn Loan Investments LLP ("CLI"), our audit procedures focused on the valuation of Investment in CLI.
  - Key audit matters:
    - Valuation of Investments
    - Impact of the outbreak of COVID-19 pandemic on the financial statements
- 

#### **The scope of our audit**

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we looked at where the directors made subjective judgements, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits we also addressed the risk of management override of internal controls, including evaluating whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud.



## Key audit matters

Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditors, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. This is not a complete list of all risks identified by our audit.

Key audit matter	How our audit addressed the key audit matter
<p><b>Valuation of Investments</b></p> <p>Refer Note 3 "Summary of Significant Accounting Policies" and Note 9 "Investments" in the financial statements.</p> <p>CLI Holding Limited's only investment is as a member of CLI. Holding this investment is the main purpose of CLI Holdings Limited. Due to the magnitude (€117,441,915 as at 31 December 2019) and nature of the investment it has been deemed a key audit matter.</p>	<p>We obtained an understanding of management's process for valuing the investment in CLI. We reviewed and considered the appropriateness of the valuation methodology for the investment as at 31 December 2019. We re-performed the calculation and agreed the inputs to evidence including the audited 31 December 2019 financial statements for CLI. We also evaluated the audit opinion and assessed the accounting policies of CLI to ensure we could place reliance on the CLI financial statements.</p> <p>Based on the procedures performed, we found no material misstatements.</p>
<p><b>Impact of the outbreak of COVID-19 pandemic on the financial statements</b></p> <p>Refer to the Strategic Report and Note 17 "Post Balance Sheet Events" in the financial statements.</p> <p>Subsequent to the year-end 31 December 2019, there has been a global pandemic from the outbreak of COVID-19 (Coronavirus). During the preparation of the financial statements, the potential impact of COVID-19 had become significant and had caused and was continuing to cause widespread disruption to financial markets and normal patterns of business activity across the world, including in the UK.</p> <p>The directors have considered the impact on the financial statements and have concluded that the matter is a non-adjusting post balance sheet event, implemented a policy to ensure sufficient funds are held to cover the administrative expenses and taxes for the next twelve month period, and that the going concern basis of preparation is appropriate.</p>	<p>We critically assessed management's assessment of the impact of COVID-19 on the company, that the matter be treated as a non-adjusting post balance sheet event due to the pandemic occurring subsequent to the year-end date of 31 December 2019, and that the directors consider the impact to be net nil due to the offset of the investment in CLI and the value of the loan notes.</p> <p>We considered:</p> <ul style="list-style-type: none"><li>• The timing of the development of the outbreak across the world and in the UK; and</li><li>• How the financial statements and business operations of the company might be impacted by the disruption.</li></ul> <p>We assessed that our initial risk assessment did not need to be revised.</p> <p>Our procedures in respect to the COVID-19 pandemic included:</p> <ul style="list-style-type: none"><li>• We evaluated management's going concern assessment. We challenged their policy around cash reserves which as a result has been updated to ensure sufficient funds are held to cover the administrative expenses and taxes for the next twelve-month period.</li><li>• We made enquiries of management to understand the potential impact of COVID-19 on the company's financial performance and operations.</li><li>• We evaluated management's assessment of COVID-19 pandemic on the company's assets and liabilities post year-end.</li><li>• In addition, we considered whether, in our view, the disclosures in the financial statements relating to risk management and going concern were reasonable and supportable in light of the emergence of the COVID-19 pandemic subsequent to the year end.</li></ul> <p>In accordance with Section 32 FRS102, we are satisfied with management's assessment. Based on the work performed, we</p>

<b>Key audit matter</b>	<b>How our audit addressed the key audit matter</b>
	are satisfied that the matter has been appropriately evaluated and reflected in the financial statements and that the disclosures made by management are appropriate.

### *How we tailored the audit scope*

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the company, the accounting processes and controls, and the industry in which it operates.

We focused on the valuation of the company's investment in CLI. The valuation is calculated by taking the company's share of the underlying assets from the audited financial statements of CLI.

### *Materiality*

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

<b>Overall materiality</b>	€1.2 million (2018: €1.3 million).
<b>How we determined it</b>	1% of total assets.
<b>Rationale for benchmark applied</b>	The main purpose of CLI Holdings Limited is to be a member of CLI. The corresponding listed debt on The International Stock Exchange ("TISE") is purely to finance the investment in CLI. Therefore we believe the total assets benchmark is an appropriate measure as it is based on the investments.

We agreed with the directors that we would report to them misstatements identified during our audit above €58,945 (2018: €65,000) as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

### **Conclusions relating to going concern**

We have nothing to report in respect of the following matters in relation to which ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

### **Reporting on other information**

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance 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 we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. 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 that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

## *Strategic Report and Directors' Report*

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 December 2019 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

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## **Responsibilities for the financial statements and the audit**

### *Responsibilities of the directors for the financial statements*

As explained more fully in the Statement of Directors' Responsibilities in respect of the Financial Statements set out on page 5, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also 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.

In preparing the financial statements, the directors are 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 directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

### *Auditors' responsibilities 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 an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) 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.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditors' report.

### *Use of this report*

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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## **Other required reporting**

### **Companies Act 2006 exception reporting**

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.



Sarah Chandler (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
London  
14 August 2020

**CLI Holdings Limited**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**for the year ended 31 December 2019**

		<b>For the year ended 31 December</b>	<b>For the period 12 October 2017 to 31 December</b>
	<b>Notes</b>	<b>2019 €</b>	<b>2018 €</b>
Investment and Interest Income	5	11,172,864	5,144,035
Interest expense	6	(11,104,438)	(5,055,274)
<b>Net interest income</b>		<b>68,426</b>	<b>88,761</b>
Bank charges and other expenses		(2,690)	(832)
Administrative expenses	7	(64,736)	(87,679)
<b>Profit before taxation</b>		<b>1,000</b>	<b>250</b>
Income tax expense	8	(190)	(48)
<b>Total Comprehensive Income and Profit for the financial year/period</b>		<b>810</b>	<b>202</b>

The statement of comprehensive income has been prepared on the basis that all operations are continuing operations. There was no other comprehensive income during the year.

The notes on pages 14 to 18 form part of these financial statements.

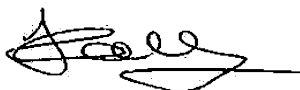
**CLI Holdings Limited**  
**STATEMENT OF FINANCIAL POSITION**  
**As at 31 December 2019**

		For the year ended 31 December 2019 €	For the period 12 October 2017 to 31 December 2018 €
	Notes		
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Investments	9	<u>117,441,915</u>	<u>131,334,322</u>
<b>CURRENT ASSETS</b>			
Trade and other receivables	10	425,268	1,123,366
Other assets	11	9,571	15,787
Cash and cash equivalents		<u>15,071</u>	<u>10,895</u>
		449,910	1,150,048
<b>TOTAL ASSETS</b>		<u><u>117,891,825</u></u>	<u><u>132,484,370</u></u>
<b>EQUITY</b>			
<b>SHAREHOLDERS' EQUITY</b>			
Called up share capital	12	1	1
Retained earnings		<u>1,012</u>	<u>202</u>
<b>TOTAL EQUITY</b>		<u>1,013</u>	<u>203</u>
<b>LIABILITIES</b>			
<b>NON-CURRENT LIABILITIES</b>			
Loan Notes Issued	13	<u>117,441,915</u>	<u>131,334,322</u>
<b>CURRENT LIABILITIES</b>			
Amounts owed to Group Undertakings		-	32,510
Interest payable on loan notes		406,832	1,092,090
Accruals and deferred income		41,827	25,197
Corporation Tax Payable	8	<u>238</u>	<u>48</u>
		448,897	1,149,845
<b>TOTAL LIABILITIES</b>		<u>117,890,812</u>	<u>132,484,167</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u><u>117,891,825</u></u>	<u><u>132,484,370</u></u>

The notes on pages 14 to 18 form part of these financial statements.

The financial statements on pages 10 to 18 are approved and authorised for issue by the Board of Directors on 14 August 2020 and signed on its behalf by:

Director



**TMF Corporate Directors Limited**

Company registration number: 11010044

**CLI Holdings Limited**  
**STATEMENT OF CHANGES IN EQUITY**  
**for the year ended 31 December 2019**

	<b>Called up share capital</b>	<b>Retained earnings</b>	<b>Total equity</b>
	€	€	€
<b>Opening balance 12 January 2017</b>	1	-	1
<b>Changes in equity</b>			
Total Comprehensive Income and Profit for the financial period	-	202	202
<b>Balance as at 31 December 2018</b>	<b>1</b>	<b>202</b>	<b>203</b>
<b>Changes in equity</b>			
Total Comprehensive Income and Profit for the year	-	810	810
<b>Balance at 31 December 2019</b>	<b>1</b>	<b>1,012</b>	<b>1,013</b>

The notes on pages 14 to 18 form part of these financial statements.

**CLI Holdings Limited**  
**STATEMENT OF CASH FLOWS**  
**for the year ended 31 December 2019**

	<b>For the year ended 31 December 2019 €</b>	<b>For the period 12 October 2017 to 31 December 2018 €</b>
<b>Cash flows from operating activities</b>		
Profit before tax for the year/period	1,000	250
<i>Adjustment for :</i>		
Investment income	(22,316,693)	-
Interest Income	(2,748,578)	-
Interest expense on loan notes	24,996,845	-
Decrease/(Increase) in trade and other receivables	6,216	(1,139,153)
(Decrease)/Increase in trade and other payables	(15,880)	1,149,797
<b>Net cash generated from operating activities</b>	<b>(77,090)</b>	<b>10,894</b>
<b>Cash flows from investing activities</b>		
Income received on investments	25,763,369	-
Payment to acquire investments	-	(136,246,529)
<b>Net cash generated from/(used in) investing activities</b>	<b>25,763,369</b>	<b>(136,246,529)</b>
<b>Cash flows from financing activities</b>		
Proceeds from Loan notes issues	-	136,246,529
Issue of Share capital	-	1
Interest expense paid on loan notes	(25,682,103)	-
<b>Net cash (used in)/generated from financing activities</b>	<b>(25,682,103)</b>	<b>136,246,530</b>
 Increase in cash and cash equivalents	 4,176	 10,895
Cash and cash equivalents at beginning of year/period	10,895	-
<b>Cash and cash equivalents at end of year/period</b>	<b><u>15,071</u></b>	<b><u>10,895</u></b>

The notes on pages 14 to 18 form part of these financial statements.

### **1. GENERAL INFORMATION**

The Company is a member of CLI and is a private company limited by shares and incorporated and domiciled in England. The Company has an office in the UK with a registered address of 8th Floor, 20 Farringdon Street, London, EC4A 4AB.

### **2. STATEMENT OF COMPLIANCE**

The financial statements of CLI Holdings Limited have been prepared in compliance with United Kingdom Generally Accepted Accounting Standards, including Financial Reporting Standard 102, 'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland' ('FRS 102'), and with the Companies Act 2006.

### **3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

#### **Basis of preparation**

The principal accounting policies applied in the preparation of these financial statements are set out below. They have all been applied consistently throughout the current year.

The Company's financial statements have been prepared in accordance with applicable United Kingdom Generally Accepted Accounting Standards, including the Financial Reporting Standard 102 as issued by the Financial Reporting Council.

The functional currency of the Company is Euros and the financial statements are also presented to the nearest Euro. The financial statements have been prepared on a going concern basis, under the historical cost basis except for the modification of certain financial assets and liabilities measured at fair value through profit or loss as specified in the accounting policies below:

#### **Basis of consolidation**

Under FRS 102 control is established when the Company has the power to govern the operating and financial policies of an entity. Whilst the Company owns 99.28% of CLI, it is not involved in the operational day to day management of CLI thus it is not deemed to have control and as such CLI is not consolidated.

#### **Going Concern**

The financial statements have been prepared on the basis that the Company will continue as a going concern for the foreseeable future and for at least twelve months from the date of approval of these financial statements. The directors believe this basis to be appropriate.

The directors have at the time of approving the financial statements, a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future and at least 12 months from the date of this report. In assessing this they have considered the Company's net asset position and reviewed all available information about the future performance. They have therefore adopted the going concern basis of accounting in preparing the financial statements.

As the Investment into CLI was funded by the loan notes and both are carried at fair value, any change in the investment has an equal and opposite impact on the valuation of the liability of the loan notes. Although there is no overall net impact on the net assets of the entity, the market movements in March as a result of COVID19, had a material impact on the absolute value of the investments and loan notes, although to the date of signing the values have seen some recovery.

Given the uncertainty raised by COVID19, in order for the directors to be satisfied that there will continue to be sufficient funds to cover the administrative expenses and taxes of the Company, the Company has subsequently implemented a policy to ensure that cash reserves are maintained which would cover the expenses for the twelve-month period from the signing of the financial statements.

#### **Significant accounting judgements and key sources of estimation and uncertainty**

The preparation of financial statements in conformity with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The 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 the current and future periods.

The items in the financial statements where these judgements and estimates have been made include:

#### **Investments**

The investment held by the Company in CLI is carried at fair value. The fair value is calculated using the fair value of investments in the underlying Collateralised Loan Obligations ("CLOs") and excess cash held by CLI as per the audited financial statements.

CLI invests in the most junior tranche of loan notes issued by the Collateralised Loan Obligations ("CLOs") that it manages. These investments form the main basis of the value of CLI and therefore the value of the Company's investment in CLI. Full details of how the investments in the CLOs are valued can be found in CLI's financial statements.

Details of fair value classification is presented in Note 16.

#### **Loan Notes issued**

As the distributions that loan noteholders receive are based on income received by the Company, the loan notes are required to be carried at fair value. As the loan notes are issued to fund the Company's investment into CLI, the fair value of the loan notes is based on the value of the Company's investment in CLI.



### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### Basic financial instruments - Financial assets/liabilities

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of instrument for a similar debt instrument.

#### Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash at banks and in hand and are measured at fair value.

The Company has deposits in bank accounts held in the Company's name which meet the definition of cash and cash equivalents but their use is restricted by a detailed priority of payments set out in the programme transaction agreements.

#### Investment and Interest income

This represents income and interest from investments in the period and is accounted for on an accruals basis. The company carries its investments and loan notes at fair value. Fair value of the loan notes is based on the fair value of the investments held by the company. As a result of this, any fair value movement in investments is matched by opposite fair value movement on the loan notes. As a result, the net impact of this is nil on the Statement of Comprehensive Income and the two fair value movements have been netted off against each other and not presented separately on the Statement of Comprehensive Income.

#### Interest expense

This represents interest payable on loan notes issued in the period and is accounted for on an accruals basis. All income and gains generated by the company are paid to the loan noteholders as interest expense after taking into account prior period losses, operating expenses, financing expenses and any hold back amount as noted in the securitisation agreement.

#### Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

##### *Current tax*

The tax currently payable is based on taxable profit for the financial year. Taxable profit differs from net profit as reported in the statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are non taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted as at the reporting date.

##### *Deferred tax*

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax is determined using tax rates (and laws) that have been enacted or substantively enacted as at the reporting date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled. Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

**CLI Holdings Limited**  
**Notes to the financial statements**  
**for the year ended 31 December 2019**

**4. DIRECTORS AND EMPLOYEES**

- Management charges amounting to €21,618 (2018: €23,465) was earned by TMF Global Services (UK) Limited and include sums paid to third parties in respect of directors' services. It is not possible to separately identify amounts paid in respect of the directors' services (as provided in period by Nita Savjani, Joint Corporate Services Limited and TMF Corporate Directors Limited) in the aggregate of management charges.
- None of the directors had any interests in the Company at the end of the year. (2018: Nil)
- None of the directors had any material interest in any contract of significance in relation to the business of the Company in the current year. (2018: Nil)
- The Company does not have any employees.(2018: Nil)

**5. INVESTMENT AND INTEREST INCOME**

	2019	2018
	€	€
Investment Income	22,316,693	8,915,446
Interest Income	2,748,578	1,140,796
Movement in value during the year/period (note 13.1)	(13,892,407)	(4,912,207)
	<u>11,172,864</u>	<u>5,144,035</u>

**6. INTEREST EXPENSE**

	2019	2018
	€	€
Interest on loan notes	24,996,845	9,967,481
Movement in value during the year/period (note 13.1)	(13,892,407)	(4,912,207)
	<u>11,104,438</u>	<u>5,055,274</u>

**7. ADMINISTRATIVE EXPENSES**

	2019	2018
	€	€
Legal fee	5,576	32,510
Trustee fee and other related fees	5,262	6,508
CSA and Accountancy fee	21,618	23,465
Cash manager fee	6,609	1,226
Audit fees payable to Company's auditors	22,681	20,068
Tax compliance fee	3,695	3,902
Foreign exchange	(703)	-
	<u>64,736</u>	<u>87,679</u>

**8. INCOME TAX**

	2019	2018
	€	€
<b>Income tax expense:</b>		
UK Corporation tax charge for the year/period at an effective rate of 19%	190	48
Total tax charge	<u>190</u>	<u>48</u>

A reduction in the UK corporation tax rate from 19% to 17% (effective from 1 April 2020) was substantively enacted on 6 September 2016. In the 11 March 2020 Budget it was announced that the UK tax rate will remain at the current 19% and not reduce to 17% from 1 April 2020. This will have a consequential effect on the Company's future tax charge.

	2019	2018
	€	€
<b>Current tax charge:</b>		
Profit before tax as per securitisation agreement	<u>1,000</u>	<u>250</u>
UK Corporation tax charge for the year at an effective rate of 19% (2018: 19%)	190	48
Total tax expense for the year/period	<u>190</u>	<u>48</u>

**Corporation Tax payable :**

	2019	2018
	€	€
As at 1 January	48	-
Payments	-	-
Charge for the year	190	48
As at 31 December	<u>238</u>	<u>48</u>

**CLI Holdings Limited**  
**Notes to the financial statements**  
**for the year ended 31 December 2019**

**9. INVESTMENTS**

	2019	2018
	€	€
Investment in CLI at the beginning of the year/period	131,334,322	136,246,529
Movement in value during the year (note 13.1)	(13,892,407)	(4,912,207)
Fair value at the end of the year/period	<u>117,441,915</u>	<u>131,334,322</u>

**9.1 MOVEMENT IN INVESTMENT**

CLI invests in the most junior tranches of the notes of the Collateralised Loan Obligations (“CLO”) that it manages. These investments form the main basis of the value of CLI and therefore the value of the Company’s investment in CLI. Full details of how the investments in the CLOs are valued can be found in CLI’s financial statements.

Changes in the values of the CLO investments in CLI have an impact on the value of the Company's investment in CLI and have an equal impact on the value of the notes liability shown in note 13. Sensitivity analysis can be seen below;

<b>Change if value of CLOs in CLI decreases by 10%</b>	<b>€</b>
Decrease in value of investment in CLI	11,626,258
Decrease in value of loan notes issued to investors	11,626,258

**10. TRADE AND OTHER RECEIVABLES**

	2019	2018
	€	€
Interest receivable	401,093	340,454
Income receivable from investment	24,175	782,912
	<u>425,268</u>	<u>1,123,366</u>

**11. OTHER ASSETS**

	2019	2018
	€	€
Prepayments and accrued income	9,571	15,787
	<u>9,571</u>	<u>15,787</u>

**12. CALLED UP SHARE CAPITAL**

	2019	2018
	€	€
<b>Called up, allotted and fully paid</b>		
1 (2018:1) ordinary share of €1	1	1

There is a single class of ordinary shares. There are no restrictions on the distribution of dividends and repayment of capital.

**13. LOAN NOTES ISSUED**

	2019	2018
	€	€
Loan notes at the beginning of the year/period	131,334,322	136,246,529
Movement in value during the year/period (note 13.1)	(13,892,407)	(4,912,207)
Fair value at the end of year/period	<u>117,441,915</u>	<u>131,334,322</u>

**13.1. Details of nominal value of Loan Notes in issue**

**As at 31 -Dec-2019**

	€
Nominal value of Loan notes issued	137,551,064
Value of notes as at 31 -Dec 2018	<u>131,334,323</u>
Value of notes as at 31 -Dec 2019	<u>117,441,916</u>
Fair value movement during the year	<u>(13,892,407)</u>

**As at 31 -Dec-2018**

	€
Nominal value of Loan notes issued	137,551,064
Value of loan notes on completion	<u>136,246,530</u>
Value of notes as at 31 -Dec 2018	<u>131,334,323</u>
Fair value movement during the period	<u>(4,912,207)</u>

#### **14. RELATED PARTY TRANSACTIONS**

The Company has identified the following transactions which are required to be disclosed under the terms of FRS 102, section 33 Related party disclosure.

The Company is a special-purpose entity controlled by its Board of Directors, which comprises of three directors: TMF Corporate Directors Limited, Joint Corporate Services Limited and Nita Savjani. During the year no remuneration was paid or was payable at year end by the Company to the directors.

Nita Savjani is an employee of TMF Global Services (UK) Limited and Joint Corporate Services Limited and TMF Corporate Directors Limited are subsidiaries of TMF Global Services (UK) Limited, which provides corporate services to the Company.

TMF Global Services earned a total of €33,488 (2018: €31,199) as fees for Cash Management, Accounting and SPV services provided to the Company during the year of which €9,217 was outstanding as at the year end (2018: €1,226).

During the year the Company accrued €22,316,693 (2018: €8,915,446) and €2,748,578 (2018: €1,140,796) as investment income and interest income earned from CLI. As at 31 December 2019 the amounts still due to be paid by CLI were €24,175 (2018: €782,912) and €401,093 (2018: €340,454) respectively.

The Company owns 99.28% of the members' capital of Cairn Loan Investments LLP. Cairn Loan Investments LLP's registered address is 27 Knightsbridge, London SW1X 7LY.

#### **15. ULTIMATE CONTROLLING PARTY**

The entire issued and allotted share capital of the Company is held on a discretionary trust basis by TMF Trustee Limited. TMF Trustee Limited has appointed the Board of Directors to oversee the day-to-day activities of the Company and therefore has management control of the Company. At 31 December 2019, the Company had no ultimate controlling party as TMF Trustee Limited do not receive the benefits of the Company's activities.

#### **16. ESTIMATION OF FAIR VALUES**

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:** The unadjusted quoted price in an active market for identical assets or liabilities that the entity can access at the measurement date.
- **Level 2:** Inputs other than quoted prices included within Level 1 that are observable (ie developed using market data) for the asset or liability, either directly or indirectly.
- **Level 3:** Inputs are unobservable (ie for which market data is unavailable) for the asset or liability.

Fair values for investments and loan notes is determined using the level 3 inputs which are based on internal valuation pricing of the instruments.

The fair values of the loan notes are determined by price and value of the underlying investments held by CLI and any income paid on the notes may fluctuate. Past performance is not necessarily indicative of future performance.

#### **17. POST BALANCE SHEET EVENTS**

Since early January 2020, the COVID-19 outbreak has spread across the globe and has been classified by the World Health Organisation as a Pandemic. This is resulting in a global disruption to business and economic activity, and is resulting in substantial and substantive governments and central banks relief actions and support measures in many other countries to protect their respective economies.

The directors have considered the uncertainty and likely impact of the COVID-19. Although there is no overall net impact on the net assets of the entity, the market movements in March as a result of COVID19, had a material impact on the absolute value of the investments and loan notes, although to the date of signing the values have seen some recovery, the directors do not consider any further disclosure necessary.

Other than that disclosed above, there were no post balance sheet events that require disclosure in these financial statements.