

ICG-Longbow Investment No.5 S.à r.l.

Société à responsabilité limitée

R.C.S. Luxembourg B 223.543

Audited Annual Accounts

For the year ended 31 December 2019

*51, Avenue J.F. Kennedy
L-1855 Luxembourg
Grand Duchy of Luxembourg*

ICG-Longbow Investment No.5 S.à r.l.

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To the Shareholders of
ICG-Longbow Investment No. 5 S.à r.l.
51, avenue J.F. Kennedy
L - 1855 Luxembourg

REPORT OF THE RÉVISEUR D'ENTREPRISES AGRÉÉ

Opinion

We have audited the annual accounts of ICG-Longbow Investment No. 5 S.à r.l. (the "Company"), which comprise the balance sheet as at 31 December 2019, and the profit and loss account for the year then ended, and notes to the annual accounts, including a summary of significant accounting policies.

In our opinion, the accompanying annual accounts give a true and fair view of the financial position of the Company as at 31 December 2019, and of the results of its operations for the year then ended in accordance with Luxembourg legal and regulatory requirements relating to the preparation and presentation of the annual accounts.

Basis for Opinion

We conducted our audit in accordance with the Law of 23 July 2016 on the audit profession (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 Annual accounts" 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 annual accounts, 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.

Emphasis of Matter

We draw attention to Note 14 of the annual accounts, which describes the outbreak of the coronavirus (COVID-19) pandemic and its impact on the Company. The outbreak has caused extensive disruptions to businesses and economic activities, impacting, amongst other, the real estate market.

This has increased the valuation uncertainty over the underlying real estate assets serving as security for the loan investments of the Company. Management estimates the impact on the Company as significant, even though it is not possible for them to reliably quantify the impact on the financial performance and health of the Company at this time. Our opinion is not modified in respect of this matter.

Responsibilities of the Board of Managers for the Annual accounts

The Board of Managers is responsible for the preparation and fair presentation of these annual accounts in accordance with Luxembourg legal and regulatory requirements relating to the preparation and presentation of the annual accounts, and for such internal control as the Board of Managers determines is necessary to enable the preparation of annual accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts, the Board of Managers 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 Managers 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 Annual accounts

Our objectives are to obtain reasonable assurance about whether the annual accounts 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 annual accounts.


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 annual accounts, 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.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Managers.
- Conclude on the appropriateness of Board of Managers' 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 annual accounts 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 annual accounts, including the disclosures, and whether the annual accounts 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.

For Deloitte Audit, *Cabinet de Révision Agréé*



Benjamin Lam, *Réviseur d'Entreprises Agréé*
Partner

18 June 2020

ICG-Longbow Investment No.5 S.à r.l.

BALANCE SHEET

As at 31 December 2019

(Unless otherwise stated all amounts are stated in GBP)

ASSETS					
		Reference(s)		Current year	Previous period
A. Subscribed capital unpaid	1101		101	-	-
I. Subscribed capital not called	1103		103	-	-
II. Subscribed capital called but unpaid	1105		105		
B. Formation expenses	1107		107	-	-
C. Fixed assets	1109		109	360,209,078	238,409,574
I. Intangible assets	1111		111	-	-
1. Costs of development	1113		113	-	-
2. Concessions, patents, licences, trade marks and similar rights and assets, if they were	1115		115	-	-
a) acquired for valuable consideration and need not be shown under C.I.3	1117		117	-	-
b) created by undertaking itself	1119		119	-	-
3. Goodwill, to the extent that it was acquired for valuable consideration	1121		121	-	-
4. Payments on account and intangible assets under development	1123		123	-	-
II. Tangible assets	1125		125	-	-
1. Land and buildings	1127		127	-	-
2. Plant and machinery	1129		129	-	-
3. Other fixtures and fittings, tools and equipment	1131		131	-	-
4. Payments on account and tangible assets in the course of construction	1133		133	-	-
III. Financial assets	1135		135	360,209,078	238,409,574
1. Shares in affiliated undertakings	1137		137	-	-
2. Loans to affiliated undertakings	1139		139	-	-
3. Participating interests	1141		141	-	-
4. Loans to undertakings with which the undertaking is linked by virtue of participating interests	1143		143	-	-
5. Investments held as fixed assets	1145		145	-	-
6. Other loans	1147	Note 3	147	360,209,078	238,409,574
D. Current assets	1151		151	22,009,431	6,712,205
I. Stocks	1153		153	-	-
1. Raw materials and consumables	1155		155	-	-
2. Work in progress	1157		157	-	-
3. Finished goods and goods for resale	1159		159	-	-
4. Payments on account	1161		161	-	-
II. Debtors	1163		163	6,499,879	6,531,285
1. Trade debtors	1165		165	-	-
a) becoming due and payable within one year	1167		167	-	-
b) becoming due and payable after more than one year	1169		169	-	-
2. Amounts owed by affiliated undertakings	1171		171	935,223	3,282,797
a) becoming due and payable within one year	1173	Note 4.1	173	935,223	3,282,797
b) becoming due and payable after more than one year	1175		175	-	-
3. Amounts owed by undertakings with which the undertaking is linked by virtue of participating interests	1177		177	-	-
a) becoming due and payable within one year	1179		179	-	-
b) becoming due and payable after more than one year	1181		181	-	-
4. Other debtors	1183		183	5,564,656	3,248,488
a) becoming due and payable within one year	1185	Note 4.2	185	5,564,656	3,248,488
b) becoming due and payable after more than one year	1187		187	-	-
III. Investments	1189		189	-	-
1. Shares in affiliated undertakings	1191		191	-	-
2. Own shares	1209		209	-	-
3. Other investments	1195		195	-	-
IV. Cash at bank and in hand	1197		197	15,509,551	180,920
E. Prepayments	1199		199	-	-
TOTAL (ASSETS)			201	382,218,509	245,121,780

The accompanying notes form an integral part of these annual accounts

ICG-Longbow Investment No.5 S.à r.l.

BALANCE SHEET (CONTINUED)

As at 31 December 2019

(Unless otherwise stated all amounts are stated in GBP)

CAPITAL, RESERVES AND LIABILITIES					
		Reference(s)		Current year	Previous period
A. Capital and reserves	1301	Note 5	301	132,000	52,000
I. Subscribed capital	1303		303	12,000	12,000
II. Share premium account	1305		305	-	-
III. Revaluation reserve	1307		307	-	-
IV. Reserves	1309		309	-	-
1. Legal reserve	1311		311	1,200	-
2. Reserve for own shares	1313		313	-	-
3. Reserves provided for by the articles of association	1315		315	-	-
4. Other reserves, including the fair value reserve	1429		429	-	-
a) other available reserves	1431		431	-	-
b) other non available reserves	1433		433	-	-
V. Profit or loss brought forward	1319		319	38,800	-
VI. Profit or loss for the financial year	1321		321	80,000	40,000
VII. Interim dividends	1323		323	-	-
VIII. Capital investment subsidies	1325		325	-	-
B. Provisions	1331		331	-	-
1. Provisions for pensions and similar obligations	1333		333	-	-
2. Provisions for taxation	1335		335	-	-
3. Other provisions	1337		337	-	-
C. Creditors	1435		435	379,718,772	243,195,470
1. Debenture loans	1437		437	-	-
a) Convertible loans	1439		439	-	-
i) becoming due and payable within one year	1441		441	-	-
ii) becoming due and payable after more than one year	1443		443	-	-
b) Non convertible loans	1445		445	-	-
i) becoming due and payable within one year	1447		447	-	-
ii) becoming due and payable after more than one year	1449		449	-	-
2. Amounts owed to credit institutions	1355		355	-	-
a) becoming due and payable within one year	1357		357	-	-
b) becoming due and payable after more than one year	1359		359	-	-
3. Payments received on account of orders in so far as they are shown separately as deductions from stocks	1361		361	-	-
a) becoming due and payable within one year	1363		363	-	-
b) becoming due and payable after more than one year	1365		365	-	-
4. Trade creditors	1367		367	149,986	7,500
a) becoming due and payable within one year	1369	Note 8	369	149,986	7,500
b) becoming due and payable after more than one year	1371		371	-	-
5. Bills of exchange payable	1373		373	-	-
a) becoming due and payable within one year	1375		375	-	-
b) becoming due and payable after more than one year	1377		377	-	-
6. Amounts owed to affiliated undertakings	1379		379	377,795,447	241,619,620
a) becoming due and payable within one year	1381	Note 6.2	381	17,574,369	5,334,426
b) becoming due and payable after more than one year	1383	Note 6.1	383	360,221,078	236,297,194
7. Amounts owed to undertakings with which the undertaking is linked by virtue of participating interests	1385		385	-	-
a) becoming due and payable within one year	1387		387	-	-
b) becoming due and payable after more than one year	1389		389	-	-
8. Other creditors	1451		451	1,773,338	1,556,350
a) Tax authorities	1393		393	-	-
b) Social security authorities	1395		395	-	-
c) Other creditors	1397		397	1,773,338	1,556,350
i) becoming due and payable within one year	1399	Note 7	399	1,773,338	1,556,350
ii) becoming due and payable after more than one year	1401		401	-	-
D. Deferred income	1403	Note 9	403	2,367,737	1,874,310
TOTAL (CAPITAL, RESERVES AND LIABILITIES)			405	382,218,509	245,121,780

The accompanying notes form an integral part of these annual accounts

ICG-Longbow Investment No.5 S.à r.l.

PROFIT AND LOSS ACCOUNT

For the year ended 31 December 2019

(Unless otherwise stated all amounts are stated in GBP)

	Reference(s)	Current year	Previous period
1. Net turnover	1701	-	-
2. Variation in stocks of finished goods and in work in progress	1703	-	-
3. Work performed by the undertaking for its own purposes and capitalised	1705	-	-
4. Other operating income	1713	-	314
5. Raw materials and consumables and other external charges	1671	-	-
a) Raw materials and consumables	1601	-	-
b) Other external expenses	1603	-	-
6. Staff costs	1605	-	-
a) Wages and salaries	1607	-	-
b) Social security costs	1609	-	-
i) relating to pensions	1653	-	-
ii) other social security costs	1655	-	-
c) Other staff costs	1613	-	-
7. Value adjustments	1657	-	-
a) in respect of formation expenses and of tangible and intangible fixed assets	1659	-	-
b) in respect of current assets	1661	-	-
8. Other operating expenses	1621 Note 10	(292,284)	(131,633)
9. Income from participating interests	1715	-	-
a) derivated from affiliated undertakings	1717	-	-
b) other income from participating interest	1719	-	-
10. Income from other investments and loans forming part of the fixed assets	1721	25,337,474	6,569,287
a) derivated from affiliated undertakings	1723	-	-
b) other income not included under a)	1725 Note 11	25,337,474	6,569,287
11. Other interest receivable and similar income	1727	-	-
a) derivated from affiliated undertakings	1729	-	-
b) other interest and financial income	1731	-	-
12. Share of profit or loss of undertakings accounted for under the equity method	1663	-	-
13. Value adjustments in respect of financial assets and of investments held as current assets	1665	-	-
14. Interest payable and similar expenses	1627	(24,965,190)	(6,397,968)
a) concerning affiliated undertakings	1629	-	-
b) other interest and similar expenses	1631 Note 6	(24,965,190)	(6,397,968)
15. Tax on profit or loss	1635	-	-
16. Profit or loss after taxation	1667	80,000	40,000
17. Other taxes not shown under items 1 to 16	1637	-	-
18. Profit or loss for the financial year	1669	80,000	40,000

The accompanying notes form an integral part of these annual accounts

ICG-Longbow Investment No.5 S.à r.l.

NOTES TO THE ANNUAL ACCOUNTS

For the year ended 31 December 2019

(Unless otherwise stated all amounts are stated in GBP)

1. GENERAL INFORMATION

ICG-Longbow Investment No.5 S.à r.l. (hereafter the “Company”) was incorporated on 04 April 2018 and organised under the laws of Luxembourg, in particular the Luxembourg Law of 10 August 1915 on commercial companies as amended (the “Company law”), as a private limited liability company (société à responsabilité limitée) and is registered with the register of Trade and Companies of Luxembourg under number B223543.

The Company is a securitisation company (société de titrisation) within the meaning of the Law of 22 March 2004 (“the Securitisation Law”). The registered office of the Company is established at 51, avenue J.F. Kennedy, L-1855 Luxembourg. The Company's shares are fully subscribed by ICG-Longbow UK Real Estate Debt Investments V SCSp.

The corporate object of the Company to enter into, perform and serve as a vehicle for, any securitisation transactions as permitted under the Securitisation Law.

The Company may acquire or assume, directly or through another entity or vehicle, the risks relating to the holding or ownership of claims, receivables and/or other goods, either movable or immovable, tangible or intangible, and/or risks relating to liabilities or commitments of third parties or which are inherent to all or part of the activities undertaken by third parties, by issuing securities of any kind whose value or return is linked to these risks. The Company may assume or acquire these risks by acquiring, by any means, claims, structured deposits, receivables and/or other goods, structured products relating to commodities or assets, by guaranteeing the liabilities or commitments of third parties or by binding itself in any other way.

The Company's financial year starts on 1 January and ends on 31 December, except for the first financial year which started from the date of incorporation on 04 April 2018.

The Company (the “Note Issuer”) has issued on the International Stock Exchange Authority Limited (the “TISEA”) 360,209,078.00 notes as of 31 December 2019 (the “Notes”). All the Notes have been subscribed by ICG – Longbow UK Real Estate Debt Investments V SCSp duly represented by its general partner ICG-Longbow Fund V GP S.à r.l.

2. SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES

2.1. Basis of preparation

The annual accounts have been prepared in accordance with Luxembourg legal and regulatory requirements and according to generally accepted accounting principles applicable in Luxembourg under historical cost convention.

Accounting policies and valuation rules, besides the ones laid down by the law of 19 December 2002 as amended, are determined and applied by the Board of Managers (the “Board”).

The preparation of annual accounts requires the use of certain critical accounting estimates. It also requires the Board to exercise its judgement in the process of applying the accounting policies. Changes in assumptions may have a significant impact on annual accounts in the year in which the assumptions change. The Board believes that the underlying assumptions are appropriate and that the annual accounts therefore present the financial position and results fairly.

NOTES TO THE ANNUAL ACCOUNTS (CONTINUED)

For the year ended 31 December 2019

(Unless otherwise stated all amounts are stated in GBP)

2. SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES (CONTINUED)

2.1. Basis of preparation (continued)

The Board of the Company makes estimates and assumptions that affect the reported amounts of assets and liabilities in the next financial year. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are expected to be reasonable under the circumstances.

The annual accounts are prepared on a going concern basis.

2.2. Foreign currency translation

The Company maintains its books and records in Great British Pounds (“GBP”).

Financial assets and formation expenses expressed in currencies other than GBP are translated into GBP at the exchange rate effective at the time of transaction. At the balance sheet date, these assets are translated at historical exchange rates.

Cash at banks is translated at the exchange rate effective at the balance sheet date. Exchange losses and gains are recorded in the profit and loss account of the year.

Other assets and liabilities are translated separately at the lower or at the higher of the value converted at the historical exchange rate or the value determined on the basis of the exchange rates effective at the balance sheet date. Solely the unrealised exchange losses are recorded in the profit and loss accounts. The exchange gains are recorded in the profit and loss account at the moment of their realisation.

Where there is an economic link between asset and liability, these are valued in total according to the method described above whereas the net unrealised losses are recorded in the profit and loss account and the net unrealised exchange gains are not recognised.

2.3. Financial assets

Financial assets such as Shares in affiliated undertakings, Participating interests and Investments held as fixed assets are valued at purchase price, including the expenses incidental thereto. Loans granted to affiliated undertakings and Other loans defined as fixed assets are valued at their historical cost.

In case of durable depreciation in value according to the opinion of the Board, value adjustments are made in respect of financial assets, so that they are valued at the lower figure to be attributed to them at the balance sheet date. These value adjustments are not continued if the reasons for which the value adjustments were made have ceased to apply. Value adjustments are deducted directly from the related asset.

NOTES TO THE ANNUAL ACCOUNTS (CONTINUED)

For the year ended 31 December 2019

(Unless otherwise stated all amounts are stated in GBP)

2. SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES (CONTINUED)

2.4. Debtors

Debtors are valued at their nominal value. They are subject to value adjustments where their recovery is compromised. These value adjustments are not continued if the reasons for which the value adjustments were made have ceased to apply.

2.5. Cash and cash equivalents

Cash at bank and in hand and short-term deposits which are held to maturity are carried at cost. Cash and cash equivalents are defined as cash on hand, demand deposits and short-term, highly liquid investments readily convertible to known amounts of cash and subject to insignificant risk of changes in value.

2.6. Provisions and accruals

Provisions and accruals are intended to cover losses or debts, the nature of which is clearly defined and which, at the reporting date, are either likely to be incurred or certain to be incurred but uncertain as to their amount or as to the date on which they will arise.

2.7. Creditors

Creditors are recorded at their payable value as at the reporting date. Where the payment amount differs from the accrued amount, the difference is recorded in the profit and loss account.

2.8. Expenses recognition

Expenses are accounted on an accrual basis. Expenses are recognised in the profit and loss account.

2.9. Amounts owed to affiliated undertakings

Notes are recorded at their amount repayable.

2.10. Deferred income

Deferred income comprise of arrangement fee income received by the Company on underlying loan facilities. These are deferred and amortised over the term of the respective loan facilities.

2.11. Income from other investments and loans forming part of the fixed assets

Income from investments and loans forming part of the fixed assets are accounted on an accrual basis. Income from investments are recognised in the profit and loss account.

ICG-Longbow Investment No.5 S.à r.l.

NOTES TO THE ANNUAL ACCOUNTS (CONTINUED)

For the year ended 31 December 2019

(Unless otherwise stated all amounts are stated in GBP)

3. FINANCIAL ASSETS

As at 31 December 2019, the portfolio comprised ten investments totalling commitments of GBP 450 million of which GBP 360 million was drawn at the end of the year.

The movements for the year ended 31 December 2019 are as follows:

Investments	Total prior period	Additions for the year	Repayments for the year	Total
Loan 1	6,449,564	9,139,910	-	15,589,474
Loan 2	21,000,000	-	-	21,000,000
Loan 3	40,817,863	3,301,248	-	44,119,111
Loan 4	33,446,728	4,443,009	(2,780,029)	35,109,708
Loan 5	7,375,000	-	(7,375,000)	-
Loan 6	92,948,419	6,595,962	(157,606)	99,386,775
Loan 7	36,372,000	7,965,770	(2,000,000)	42,337,770
Loan 8	-	42,352,357	-	42,352,357
Loan 9	-	28,500,000	(1,300,000)	27,200,000
Loan 10	-	20,000,000	-	20,000,000
Loan 11	-	14,214,283	1,100,400	13,113,883
	238,409,574	136,512,539	(14,713,035)	360,209,078

The loans held as financial assets have been granted to UK property companies in relation with real estate acquisition and/or refinancing.

4. DEBTORS

4.1. Amounts owed by affiliated undertakings

Amounts owed by affiliated undertakings are composed as follows:

	As at 31 December 2019	As at 31 December 2018
Arrangement fees	343,500	73,750
Other amount receivable	591,723	-
Receivable from shareholder	-	3,209,047
Total	935,223	3,282,797

ICG-Longbow Investment No.5 S.à r.l.

NOTES TO THE ANNUAL ACCOUNTS (CONTINUED)

For the year ended 31 December 2019

(Unless otherwise stated all amounts are stated in GBP)

4. DEBTORS (CONTINUED)

4.2. Other debtors

Other debtors are mainly composed of interest receivable on other loans held as financial fixed assets (refer to note 3) becoming due and payable within one year and are composed as follows:

	As at 31 December 2019	As at 31 December 2018
Interest receivable on investments	5,564,656	3,248,488
Total	5,564,656	3,248,488

5. CAPITAL AND RESERVES

The Company's share capital was set at the date of incorporation at GBP 12,000, represented by 120 shares with a nominal value of GBP 100 each. The Company may repurchase, redeem and/or cancel its shares subject as provided in the Company Law. All shares have equal rights and are freely transferable.

Under Luxembourg law, an amount equal to at least 5% of the profit for the financial period must be allocated to a legal reserve until such reserve equals 10% of the subscribed capital. This reserve is not available for dividend distribution and is fully funded.

6. AMOUNTS OWED TO AFFILIATED UNDERTAKINGS

6.1. Becoming due and payable after more than one year

The notes issued by the Company are listed on The International Stock Exchange Authority Limited (the "TISEA"). The listing application was approved for an amount up to GBP 1,300,000,000 profit participating notes due 31 January 2027. The application of the Notes (the "Listing Application") is done through the listing sponsor Sanne Fiduciary Services Limited to TISEA for the listing of and permission to deal in the Notes on the Official List of The International Stock Exchange.

The movements for year ended 31 December 2019 are as follows:

Date	Number of Notes Issued	Issued	Repaid	Balance
29/03/2019	6,898,260	6,898,260	0.00	243,183,454
28/06/2019	6,912,222	6,912,222	0.00	250,095,676
30/09/2019	96,569,130	96,569,130	0.00	346,664,806
31/12/2019	13,544,272	13,544,272	0.00	360,209,078

In addition, GBP 12,000 is payable to ICG plc for funding the capitalisation of the Company.

NOTES TO THE ANNUAL ACCOUNTS (CONTINUED)

For the year ended 31 December 2019

(Unless otherwise stated all amounts are stated in GBP)

6. AMOUNTS OWED TO AFFILIATED UNDERTAKINGS (CONTINUED)

6.2. Becoming due and payable within one year

Interest payable relates to interest payable on the notes (refer to note 6), total interest for the year was GBP 24,965,190 (2018: GBP 6,397,968) of which GBP 17,574,369 (2018: GBP 5,334,426) was still payable at year end.

7. OTHER CREDITORS

As at 31 December 2019, an amount of GBP 1,773,338 (2018: GBP 1,556,350) was payable to borrowers as a result of drawdowns made on the loan facilities granted by the Company, but not yet paid over by the Company as at 31 December 2019.

8. TRADE CREDITORS

As at 31 December 2019, the caption Trade Creditors is composed as follows:

	As at 31 December 2019	As at 31 December 2018
Accrued Professional fees	60,926	7,500
Accrued Director fees	10,052	-
Accrued Other expenses	52,398	-
Accrued Audit fees	26,507	-
Total	149,885	7,500

9. DEFERRED INCOME

Deferred income comprise of arrangement fee income received by the Company on underlying loan facilities. These are deferred and amortised over the term of the respective loan facilities. Arrangement fee deferred by the Company as at 31 December 2019 amounts to GBP 2,367,737 (2018: GBP 1,874,310) while GBP 683,024 (2018: GBP 146,884) was amortised for the year ended 31 December 2019.

NOTES TO THE ANNUAL ACCOUNTS (CONTINUED)

For the year ended 31 December 2019

(Unless otherwise stated all amounts are stated in GBP)

10. OTHER OPERATING EXPENSES

Other operating expenses are composed as follows:

	As at 31 December 2019	As at 31 December 2018
Professional fees	79,500	55,860
Audit fees	47,702	-
Director fees	40,053	20,008
Bank charges	1,316	1,012
Other expenses	123,714	54,753
Total	292,284	131,633

11. INCOME FROM INVESTMENTS

Income from Investments relates mainly to interest on loans held as financial fixed assets (refer to note 3), total interest for the year was GBP 23,070,992 (2018: GBP 6,422,403) of which GBP 5,564,656 (2018: GBP 3,248,488) is receivable at year end (refer to note 4.2). Also included in this income is the amortisation of arrangement fees for the period ended 31 December 2019 of GBP 683,024 (refer to note 9).

12. TAXATION

The Company is subject to all taxes applicable to commercial companies in Luxembourg incorporated under the Securitisation Law.

13. STAFF

In the year ended 31 December 2019, the Company did not employ any personnel.

14. SUBSEQUENT EVENTS

Two new investments were approved by the Board of Managers in January 2020, for a total commitment of GBP 89,000,000 with GBP 16,407,234 already drawn at March end 2020.

The existence of the coronavirus (COVID-19) outbreak was confirmed in early 2020 and has spread globally, causing disruptions to businesses and economic activity. The Board of Managers of the Company considers this outbreak to be a non-adjusting subsequent event.

The outbreak has caused extensive disruptions to businesses and economic activities and the uncertainties created have increased the valuation uncertainty over the underlying real estate assets serving as security for the loan investments.

NOTES TO THE ANNUAL ACCOUNTS (CONTINUED)

For the year ended 31 December 2019

(Unless otherwise stated all amounts are stated in GBP)

14. SUBSEQUENT EVENTS (CONTINUED)

As at 31 December 2019 loans with a total value of GBP 42.337.770 are secured by hotels, GBP 154.853.016 are secured by residential properties and GBP 91.319.111 are secured by office buildings.

The impact on the real estate sectors is not uniform, which in turn impact the valuations of the properties which serves as security for the respective loans.

We believe hotels, along with retail, are the real estate sectors most severely impacted by COVID-19. The full impact on each hotel will be driven by the duration of the lock-down, the extent of any ongoing travel or trading restrictions following the initial exit from lock-down and the period needed to rebuild stabilised occupancy.

We are aware of a small increase in voids in the residential market as younger renters, those who have lost employment income, seek to reduce overheads by not renewing leases and exercising breaks as they fall due. On the whole we expect occupancy will hold up, especially units suitable for family accommodation, however a degree of uncertainty still remains.

Whilst a very high proportion of office space is now effectively unoccupied or under-occupied, due to government social distancing measures, rental collection has been strong across the market and within our portfolio during the first quarter of 2020. To the extent that the lock-down continues through the second quarter, this rental collection is expected to fall, although not materially. In the medium term there is a possibility that the effectiveness of working from home may lead to lower aggregate demand for offices, as corporates switch to agile working models.

The Board of Managers (“Management”) of the Company do not underestimate the seriousness and gravity of the matter and the significant implications this may have on the valuation of the investments of the Company. For this reason, Management is continually monitoring and assessing the loan investments for any impact on the valuation of the underlying properties and the liquidity position of the borrowers. The Board of Managers will continue to support the borrowers to achieve their business plans during this difficult period.

Considering the valuation uncertainties in the real estate market as a result of the outbreak, we estimate the impact on the Company as significant even though it is not possible for us to reliably quantify the impact on the financial performance and health of the Company at this time.

Furthermore, the Board of Managers of the Company has assessed the potential impact on the going concern assumption of the Company and positively concluded on its validity, taking into consideration the current financial situation of the Company and availability of further financing from the note holder, ICG-Longbow UK Real Estate Debt Investments V SCSp.