

Europa UK Debt (Lux) II S.à r.l.

Audited Annual Accounts

For the period from June 19, 2019 (date of incorporation)
to December 31, 2019

With the Report of the Réviseur d' Entreprises Agréé

*5 Heienhaff, Senningerberg,
L-1736 Luxembourg
R.C.S. Luxembourg B 235868
Share capital: GBP 12,000*

Europa UK Debt (Lux) II S.à r.l.

TABLE OF CONTENTS

	PAGE
Report of the Réviseur d' Entreprises Agréé	3 - 5
ANNUAL ACCOUNTS	
- Balance sheet	6 - 7
- Profit and loss account	8
- Notes to the Annual Accounts	9 - 17

To the Shareholders of
Europa UK Debt (Lux) II S.à r.l.
5, Heienhaff
L-1736 Luxembourg

REPORT OF THE REVISEUR D'ENTREPRISES AGREÉ

Opinion

We have audited the annual accounts of Europa UK Debt (Lux) II S.à r.l. (the "Company"), which comprise the balance sheet as at December 31, 2019, and the profit and loss account for the period from June 19, 2019 to December 31, 2019, 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 December 31, 2019, and of the results of its operations for the period from June 19, 2019 to December 31, 2019, 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 the Law of 23 July 2016 and ISAs as adopted for Luxembourg by the CSSF 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.

Responsibilities of the Board of Managers and Those Charged with Governance 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*

Lize Griffiths, *Réviseur d'Entreprises Agréé*
Partner

June 29, 2020

Europa UK Debt (Lux) II S.à r.l.
R.C.S. Luxembourg B 235868
Heienhaff, Senningerberg, L-1736

BALANCE SHEET (in GBP)

As at 31 December 2019

ASSETS				
	Reference(s)	Current year	Previous year	
A. Subscribed capital unpaid	1101	101	101	
I. Subscribed capital not called	1103	103	103	
II. Subscribed capital called but unpaid	1105	105	105	
B. Formation expenses	1107	107	107	
C. Fixed assets	1109	109	7,500,000.00	109
I. Intangible assets	1111	111	111	-
1. Costs of development	1113	113	113	
2. Concessions, patents, licences, trade marks and similar rights and assets, if they were	1115	115	115	
a) acquired for valuable consideration and need not be shown under C.I.3	1117	117	117	
b) created by undertaking itself	1119	119	119	
3. Goodwill, to the extent that it was acquired for valuable consideration	1121	121	121	
4. Payments on account and intangible assets under development	1123	123	123	
II. Tangible assets	1125	125	125	
1. Land and buildings	1127	127	127	
2. Plant and machinery	1129	129	129	
3. Other fixtures and fittings, tools and equipment	1131	131	131	
4. Payments on account and tangible assets in the course of construction	1133	133	133	
III. Financial assets	1135	135	7,500,000.00	-
1. Shares in affiliated undertakings	1137	137	137	
2. Loans to affiliated undertakings	1139	139	139	
3. Participating interests	1141	141	141	
4. Loans to undertakings with which the undertaking is linked by virtue of participating interests	1143	143	143	
5. Investments held as fixed assets	1145	145	145	
6. Other loans	1147	3 147	7,500,000.00	-
D. Current assets	1151	151	279,942.00	-
I. Stocks	1153	153	153	
1. Raw materials and consumables	1155	155	155	
2. Work in progress	1157	157	157	
3. Finished goods and goods for resale	1159	159	159	
4. Payments on account	1161	161	161	
II. Debtors	1163	163	23,301.00	-
1. Trade debtors	1165	165	165	
a) becoming due and payable within one year	1167	167	167	
b) becoming due and payable after more than one year	1169	169	169	
2. Amounts owed by affiliated undertakings	1171	171	12,000.00	-
a) becoming due and payable within one year	1173	4 173	12,000.00	-
b) becoming due and payable after more than one year	1175	175	175	
3. Amounts owed by undertakings with which the undertaking is linked by virtue of participating interests	1177	177	177	
a) becoming due and payable within one year	1179	179	179	
b) becoming due and payable after more than one year	1181	181	181	
4. Other debtors	1183	183	11,301.00	-
a) becoming due and payable within one year	1185	4 185	11,301.00	-
b) becoming due and payable after more than one year	1187	187	187	
III. Investments	1189	189	189	
1. Shares in affiliated undertakings	1191	191	191	
2. Own shares	1209	209	209	
3. Other investments	1195	195	195	
IV. Cash at bank and in hand	1197	197	256,641.00	-
E. Prepayments	1199	199	199	
TOTAL (ASSETS)	201	7,779,942.00	201	-

The accompanying notes form an integral part of these annual accounts.

Europa UK Debt (Lux) II S.à r.l.
R.C.S. Luxembourg B 235868
Heienhaff, Senningerberg, L-1736

BALANCE SHEET (in GBP)

As at 31 December 2019

CAPITAL, RESERVES AND LIABILITIES				
	Reference(s)		Current year	Previous year
A. Capital and reserves	1301	301	12,000.00	301
I. Subscribed capital	1303	5 303	12,000.00	303
II. Share premium account	1305	305	305	305
III. Revaluation reserve	1307	307	307	307
IV. Reserves	1309	309	309	309
1. Legal reserve	1311	311	311	311
2. Reserve for own shares	1313	313	313	313
3. Reserves provided for by the articles of association	1315	315	315	315
4. Other reserves, including the fair value reserve	1429	429	429	429
a) other available reserves	1431	431	431	431
b) other non available reserves	1433	433	433	433
V. Profit or loss brought forward	1319	319	319	319
VI. Profit or loss for the financial year	1321	321	321	321
VII. Interim dividends	1323	323	323	323
VIII. Capital investment subsidies	1325	325	325	325
B. Provisions	1331	331	331	331
1. Provisions for pensions and similar obligations	1333	333	333	333
2. Provisions for taxation	1335	335	335	335
3. Other provisions	1337	337	337	337
C. Creditors	1435	435	7,767,942.00	435
1. Debenture loans	1437	437	437	437
a) Convertible loans	1439	439	439	439
i) becoming due and payable within one year	1441	441	441	441
ii) becoming due and payable after more than one year	1443	443	443	443
b) Non convertible loans	1445	445	445	445
i) becoming due and payable within one year	1447	447	447	447
ii) becoming due and payable after more than one year	1449	449	449	449
2. Amounts owed to credit institutions	1355	355	355	355
a) becoming due and payable within one year	1357	357	357	357
b) becoming due and payable after more than one year	1359	359	359	359
3. Payments received on account of orders in so far as they are shown separately as deductions from stocks	1361	361	361	361
a) becoming due and payable within one year	1363	363	363	363
b) becoming due and payable after more than one year	1365	365	365	365
4. Trade creditors	1367	367	367	367
a) becoming due and payable within one year	1369	369	369	369
b) becoming due and payable after more than one year	1371	371	371	371
5. Bills of exchange payable	1373	373	373	373
a) becoming due and payable within one year	1375	375	375	375
b) becoming due and payable after more than one year	1377	377	377	377
6. Amounts owed to affiliated undertakings	1379	379	7,374,549.00	379
a) becoming due and payable within one year	1381	6 381	39,838.00	381
b) becoming due and payable after more than one year	1383	6 383	7,334,711.00	383
7. Amounts owed to undertakings with which the undertaking is linked by virtue of participating interests	1385	385	385	385
a) becoming due and payable within one year	1387	387	387	387
b) becoming due and payable after more than one year	1389	389	389	389
8. Other creditors	1451	451	393,393.00	451
a) Tax authorities	1393	6 393	453.00	393
b) Social security authorities	1395	395	395	395
c) Other creditors	1397	397	392,940.00	397
i) becoming due and payable within one year	1399	6 399	392,940.00	399
ii) becoming due and payable after more than one year	1401	401	401	401
D. Deferred income	1403	403	403	403
TOTAL (CAPITAL, RESERVES AND LIABILITIES)	405	405	7,779,942.00	405

The accompanying notes form an integral part of these annual accounts.

Europa UK Debt (Lux) II S.à r.l.
R.C.S. Luxembourg B 235868
Heienhaff, Senningerberg, L-1736

PROFIT AND LOSS ACCOUNT (in GBP)

For the year ended 31 December 2019

PROFIT AND LOSS ACCOUNT			
	Reference(s)	Current year	Previous year
1. Net turnover	1701 _____ 701 _____	701 _____	_____
2. Variation in stocks of finished goods and in work in progress	1703 _____ 703 _____	703 _____	_____
3. Work performed by the undertaking for its own purposes and capitalised	1705 _____ 705 _____	705 _____	_____
4. Other operating income	1713 _____ 7 713 _____	52,789.00 713 _____	- _____
5. Raw materials and consumables and other external charges	1671 _____ 671 _____	-61,710.00 671 _____	- _____
a) Raw materials and consumables	1601 _____ 601 _____	601 _____	_____
b) Other external expenses	1603 _____ 8 603 _____	-61,710.00 603 _____	- _____
6. Staff costs	1605 _____ 605 _____	605 _____	_____
a) Wages and salaries	1607 _____ 607 _____	607 _____	_____
b) Social security costs	1609 _____ 609 _____	609 _____	_____
i) relating to pensions	1653 _____ 653 _____	653 _____	_____
ii) other social security costs	1655 _____ 655 _____	655 _____	_____
c) Other staff costs	1613 _____ 613 _____	613 _____	_____
7. Value adjustments	1657 _____ 657 _____	657 _____	_____
a) in respect of formation expenses and of tangible and intangible fixed assets	1659 _____ 659 _____	659 _____	_____
b) in respect of current assets	1661 _____ 661 _____	661 _____	_____
8. Other operating expenses	1621 _____ 9 621 _____	-3,622.00 621 _____	- _____
9. Income from participating interests	1715 _____ 715 _____	715 _____	_____
a) derived from affiliated undertakings	1717 _____ 717 _____	717 _____	_____
b) other income from participating interest	1719 _____ 719 _____	719 _____	_____
10. Income from other investments and loans forming part of the fixed assets	1721 _____ 721 _____	11,301.00 721 _____	- _____
a) derived from affiliated undertakings	1723 _____ 723 _____	723 _____	_____
b) other income not included under a)	1725 _____ 10 725 _____	11,301.00 725 _____	- _____
11. Other interest receivable and similar income	1727 _____ 727 _____	1,695.00 727 _____	- _____
a) derived from affiliated undertakings	1729 _____ 729 _____	729 _____	_____
b) other interest and financial income	1731 _____ 11 731 _____	1,695.00 731 _____	- _____
12. Share of profit or loss of undertakings accounted for under the equity method	1663 _____ 663 _____	663 _____	_____
13. Value adjustments in respect of financial assets and of investments held as current assets	1665 _____ 665 _____	665 _____	_____
14. Interest payable and similar expenses	1627 _____ 627 _____	627 _____	_____
a) concerning affiliated undertakings	1629 _____ 629 _____	629 _____	_____
b) other interest and similar expenses	1631 _____ 631 _____	631 _____	_____
15. Tax on profit or loss	1635 _____ 635 _____	-453.00 635 _____	- _____
16. Profit or loss after taxation	1667 _____ 667 _____	667 _____	_____
17. Other taxes not shown under items 1 to 16	1637 _____ 637 _____	637 _____	_____
18. Profit or loss for the financial year	1669 _____ 669 _____	669 _____	_____

The accompanying notes form an integral part of these annual accounts.

Europa UK Debt (Lux) II S.à r.l.

NOTES TO THE ANNUAL ACCOUNTS DECEMBER 31, 2019

1 ORGANISATION

Europa UK Debt (Lux) II S.à r.l. (hereafter the “Company”) was incorporated on June 19, 2019 and organised under the laws of Luxembourg as a private limited liability company (société à responsabilité limitée) governed by the laws of the Grand Duchy of Luxembourg, in particular the law of August 10, 1915 on commercial companies, as amended, the law of 22 March 2004 on securitisation (the “Securitisation Law”) and the present articles of incorporation. The Company is established for an unlimited period of time and is registered under R.C.S. in Luxembourg, number B 235868. The registered office of the Company is established at Heienhaff, Senningerberg, L-1736.

The Company’s financial year starts on January 1 and ends on December 31 of each year, with the exception of the first period which ran from incorporation on June 19, 2019 to December 31, 2019.

The Company has issued GBP 12,000 shares. The shares are owned by Europa UK Debt II L.P. (“UK Debt II LP”).

The objective of the Company is to enter into any type of securitisation transactions within the meaning of the Securitisation law and in particular it may acquire, originate or assume, directly or indirectly or through another entity, risks relating to any kind of loans, receivables, notes, shares, government bonds, treasury bills, debt and equity securities and any kind of financial instruments and real estates (the “Underlying Assets”) and to directly or indirectly invest in, acquire, originate, hold and dispose of the Underlying Assets.

The Company may also originate loans and lend funds, including the proceeds of any borrowings and/or issues of securities within the limits of the Securitisation law. The Company may enter into any transactions by which it acquires or assumes, directly and indirectly or through another entity, risks relating to Debt and equity securities, other similar instruments, rights or participations in the Underlying Assets. The Company may freely dispose of, and assign, its assets on such terms as determined by the board from time to time.

The Company can perform all legal, commercial, technical and financial investments, operations and in general, all transactions which are necessary to fulfil its objects as well as all operations connected directly or indirectly to facilitating the accomplishment of its purpose in all areas described above.

2 SUMMARY OF ACCOUNTING POLICIES

2.1 Basis of preparation

The annual accounts have been prepared in accordance with Luxembourg legal and regulatory requirements under the historical cost convention.

Accounting policies and valuation rules are, besides the ones laid down by the amended Law of December 19, 2002, determined and applied by the Board of Managers.

Europa UK Debt (Lux) II S.à r.l.

NOTES TO THE ANNUAL ACCOUNTS (continued) DECEMBER 31, 2019

2 SUMMARY OF ACCOUNTING POLICIES (continued)

2.1 Basis of preparation (continued)

The preparation of annual accounts requires the use of certain critical accounting estimates. It also requires the Board of Managers to exercise its judgement in the process of applying the accounting policies.

Changes in assumptions may have a significant impact on the annual accounts in the period on which the assumptions changed. Management believes that the underlying assumptions are appropriate and the annual accounts therefore present the financial position and results fairly.

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 believed to be reasonable under the circumstances.

2.2 Significant accounting policies

The main valuation rules applied by the Company are the following:

a) Foreign currency translation

The Company maintains its books and records in British Pounds (“GBP”) and the annual accounts have been prepared in this currency.

Transactions in foreign currencies during the period are recorded at exchange rates ruling at the time the transactions take place. All assets and liabilities expressed in currencies other than GBP have been translated at period-end exchange rates. Realised and unrealised exchange gains or losses are recorded in the profit and loss account. Unrealised exchange gains are included as due to the back-to-back arrangements within the transaction, any unrealised exchange losses will be matched out by any unrealised exchange gains to accurately reflect the performance of the Company.

b) Financial assets

Other loans are composed of loans, initially recorded at issuance price and subsequently valued at their fair values as determined below, with changes through the profit and loss account under the caption: “Value adjustments in respect of financial assets and of investments held as current assets”.

The measurement of fair value of other loans is the price that would be received or paid to redeem the other loans in an orderly transaction between market participants at the measurement date. Transaction costs associated with the issue or redemption of other loans are expensed separately as incurred in the profit and loss account.

Europa UK Debt (Lux) II S.à r.l.

NOTES TO THE ANNUAL ACCOUNTS (continued) DECEMBER 31, 2019

2 SUMMARY OF ACCOUNTING POLICIES (continued)

2.2 Significant accounting policies (continued)

c) Cash at bank

Cash at bank is valued at the closing date of the Annual Accounts.

Consequently, realised exchange gains and losses and unrealised exchange losses are accounted for in the profit and loss account.

d) 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 adjustment were made have ceased to apply.

e) Creditors

Creditors are initially recorded at nominal value. After initial recognition, creditors are measured at their repayable amount.

f) Other external and operating expenses

Other external and operating expenses are recognised on an accrual basis.

g) Other operating income

Other operating income is recognised on an accrual basis. This includes loan servicing, commitment fees and arrangement fees. Arrangement fees are amortised over the life of the investment.

h) Income from other investments and loans forming part of the fixed assets

Income from other investments and loans forming part of the fixed assets is recognised on an accrual basis.

i) Equalisation provision

Due to the limited recourse nature of the notes issued, losses during the year as a result from sales, default, lower market values or cost may reduce the value of the notes issued. Such shortfalls are borne by the Note Holder in accordance with the Master Terms and Conditions Instrument dated July 10, 2019, signed between the Note Holder and the Company.

Consequently, a provision for diminution in value will be made and will be deducted from amount repayable on the notes issued and booked in the profit and loss account as "Equalisation provision" under "Other operating income".

Similarly, the amount repayable of a debt is increased if the reimbursements value is directly linked to the value of the related assets and if it is likely that Cash Flow from the related assets exceeds the amount received. In this case, the Company has increased the book value of the debt and recognised an unrealised loss as "Equalisation provision" included under "Other operating expenses" in the profit and loss account.

Europa UK Debt (Lux) II S.à r.l.

NOTES TO THE ANNUAL ACCOUNTS (continued) DECEMBER 31, 2019

3 FINANCIAL ASSETS

C. Fixed assets

III. Financial assets

6. Other loans

Other loans as at December 31, 2019 consist of the following:

	Opening balance 19-June-2019	Acquisitions during the year	Repayments during the year	Capitalised PIK during the year	Fair value adjustments during the year	Fair value as at 31-Dec-2019
	GBP	GBP	GBP	GBP	GBP	GBP
Thistel Hotel, Poole	-	7,500,000	-	-	-	7,500,000
	-	7,500,000	-	-	-	7,500,000

	Initial principal investment GBP	Cash interest rate %	PIK interest rate %	Underwriting fee rate %	Maturity date
Thistel Hotel, Poole	7,500,000	5.00%	0.00%	0.00%	19/12/2021
	7,500,000				

The Thistle Hotel, Poole loan is a whole loan in nature.

4 DEBTORS

D. Current assets

II. Debtors

As at December 31, 2019, Debtors are as follows:

2. Amounts owed by affiliated undertakings	31-Dec-19
	GBP
a) Becoming due and payable within one year	
Amounts owed by UK Debt II LP	12,000
	12,000
4. Other debtors	31-Dec-19
	GBP
a) Becoming due and payable within one year	
Interest receivable on loans issued	11,301
	11,301

Europa UK Debt (Lux) II S.à r.l.

NOTES TO THE ANNUAL ACCOUNTS (continued) DECEMBER 31, 2019

5 CAPITAL AND RESERVES

A. Capital and reserves

I. Subscribed capital

The movement in capital and reserves is as follows:

	31-Dec-19
	GBP
	<hr/>
Opening balance	-
Subscribed capital	12,000
Profit or loss for the financial year	-
	<hr/> <hr/>
	12,000

Subscribed Capital

As at December 31, 2019, the share capital of the Company amounts to GBP 12,000 and is represented by 12,000 shares.

Legal reserve

Under Luxembourg law, an amount equal to at least 5% of the annual net income must be allocated to a legal reserve until such reserve equals 10% of the paid-in share capital. This reserve is not available for dividend distribution.

6 CREDITORS

C. Creditors

6. Amounts owed to affiliated undertakings

As at December 31, 2019, amounts owed to affiliated undertakings are as follows:

	31-Dec-19
	GBP
	<hr/>
a) Becoming due and payable within one year	
Amounts owed to UK Debt II LP	39,838
	<hr/> <hr/>
	39,838
	31-Dec-19
	GBP
	<hr/>
b) Becoming due and payable after more than one year	
Long term Quoted Euro Notes	7,387,500
Equalisation provision (Note 7)	(52,789)
	<hr/> <hr/>
	7,334,711

Europa UK Debt (Lux) II S.à r.l.

NOTES TO THE ANNUAL ACCOUNTS (continued) DECEMBER 31, 2019

6 CREDITORS (continued)

The Company issued Limited Recourse Notes (“Notes”) to UK Debt II LP, which is listed on The International Stock Exchange. Interest is payable on the Notes insofar as the Company has sufficient earnings and is solvent after the payment of such interest.

The Notes have a maturity date of the date on which the last outstanding asset is redeemed, disposed of, or written off in full by the Company. The Notes are repayable by the Company at any time in part or in full, but in any case at the latest on the maturity date.

On December 20, 2019, the Company issued the first tranche of Limited Recourse Notes (“Notes”) to UK Debt II LP (the “Note Holder”), which is listed on The International Stock Exchange. As at December 31, 2019, the Equalisation provision adjustment of GBP 52,789 has been netted off against the Notes payable.

3. Other creditors

As at December 31, 2019, other creditors are as follows:

	31-Dec-19
	GBP
a) Tax authorities	
Net Wealth Tax	453
	<u>453</u>
c) Other creditors	31-Dec-19
	GBP
i) Becoming due and payable within one year	
Amounts withheld from borrower	250,000
Deferred income	110,805
Creditors	27,740
VAT reverse charge	4,395
	<u>392,940</u>

Amounts withheld from the borrower of GBP 250,000 is in relation to the Thistle Hotel, Poole investment and will subsequently be transferred to the borrower. Deferred income consists of arrangement fees received in advance of GBP 110,805. Creditors consist of Europa Capital Debt Investment fees of GBP 1,726, administration fees of GBP 4,036, incorporation costs of GBP 12,200 which was funded by the General Partner, audit fees of GBP 7,428 and other sundry creditors amounting to GBP 2,350.

Europa UK Debt (Lux) II S.à r.l.

NOTES TO THE ANNUAL ACCOUNTS (continued) DECEMBER 31, 2019

7 OTHER OPERATING INCOME

4. Other operating income

Other operating income for the period ended December 31, 2019 are as follows:

	For the period from 19-June-19 to 31-Dec-19 GBP
Equalisation provision (Note 6)	52,789
	<u>52,789</u>

8 RAW MATERIALS AND CONSUMABLES AND OTHER EXTERNAL EXPENSES

5. Raw materials and consumables and other external expenses

b) Other external expenses

Other external expenses for the period ended December 31, 2019 are as follows:

	For the period from 19-June-19 to 31-Dec-19 GBP
Administration fees	(26,949)
Other fees	(20,088)
Audit fees	(10,379)
Advisory fees	(1,726)
Professional fees	(1,350)
Bank charges	(1,218)
	<u>(61,710)</u>

9 OTHER OPERATING EXPENSES

8. Other operating expenses

Other operating expenses for the period ended December 31, 2019 consists of non-deductible VAT for an amount of GBP 3,622.

Europa UK Debt (Lux) II S.à r.l.

NOTES TO THE ANNUAL ACCOUNTS (continued) DECEMBER 31, 2019

10 INCOME FROM OTHER INVESTMENTS AND LOANS FORMING PART OF THE FIXED ASSETS

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

Income derived from other investments and loans forming part of the fixed assets for the year ended December 31, 2019, is as follows:

	For the period from 19-June-19 to 31-Dec-19 GBP
b) Other income not included under a)	
Interest receivable on loans issued	11,301
	<u>11,301</u>

Please refer to Note 3 for the terms and conditions of interests and of the fees.

11 OTHER INTEREST RECEIVABLE AND SIMILAR INCOME

11. Other interest receivable and similar income

Other interest receivable and similar income for the year ended December 31, 2019, is as follows:

	For the period from 19-June-19 to 31-Dec-19 GBP
b) Other interest and similar income	
Arrangement fee	1,695
	<u>1,695</u>

Arrangement fees on loans and claims held as fixed assets is earned as a result of the initial provision of loans to the Borrowers as disclosed in Note 2.

12 TAXATION

The Company is subject to the general tax regulations applicable to all commercial companies in Luxembourg incorporated under the Securitisation Law of 22 March 2004.

The Company may be subject to Luxembourg VAT in respect of fees charged for certain services rendered to the Company.

13 STAFF

In 2019, the Company did not employ any staff.

Europa UK Debt (Lux) II S.à r.l.

NOTES TO THE ANNUAL ACCOUNTS (continued) DECEMBER 31, 2019

14 RELATED PARTIES TRANSACTIONS

Three managers of the Company are also directors of Sanne Group (Luxembourg) S.A., which provides administration services to the Company. Total administration fees for Sanne Group (Luxembourg) S.A. in respect of the period ended December 31, 2019 amount to GBP 26,949 (Note 8).

The Company engaged Europa Capital Debt Investments Ltd as its asset advisor and debt investment advisor. The advisory fee and debt investment advisory fee is determined in accordance with section 3 of the Debt Investment Asset Advisory Agreement and Debt Investment Origination Advisory Agreement, respectively.

15 SUBSEQUENT EVENTS

In January 2020, the Company issued additional certificates for Notes amounting to GBP 4,138,725 to UK Debt II LP, which was listed on The International Stock Exchange ("TISE"). The proceeds from the notes issuance was utilised to grant loans with nominal values of GBP 4,170,000 to Fabrica Building, Manchester.

In February 2020, the Company issued additional certificates for Notes amounting to GBP 6,895,000 to UK Debt II LP, which was listed on TISE. The proceeds from the notes issuance was utilised to grant loans with nominal values of GBP 7,000,000 to Wigan a Business Park.

The current worldwide Corona virus ("COVID-19") outbreak continues to evolve, being declared by the World Health Organisation ("WHO") as a Public Health Emergency of International Concern on 30 January 2020 and as a worldwide pandemic on 11 March 2020. In the opinion of the Board of Managers, the COVID-19 outbreak is likely to have an impact on the financial position and results of the Company however what level of impact remains uncertain at this stage. No adjustment for such impact has been made in these annual accounts. The Board of Managers is carefully monitoring the outbreak of COVID-19 in Asia and its spread in Europe, as well as the potential impact on the wider real estate industry.

In addition there have been no valuations of the underlying real estate assets undertaken since a worldwide pandemic was announced due to the uncertainty external valuers face in determining reasonable valuations. The Board of Managers expects that values will fall in the short-term and this may result in an impairment of the loan investments, however at the date of signing cannot reasonably quantify that impact.