BID I Europe (UK) Limited

Registered in England and Wales No. 10849486

ANNUAL REPORT AND AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

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CORPORATE INFORMATION

DIRECTORS
Paul Lucas Sim
Ian Simes
Philippa Elder

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London E14 5AA
United Kingdom

PORTFOLIO MANAGER
Brookfield Global Infrastructure Advisor Limited
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1 Canada Square
London E14 5AA
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AUDITOR
Deloitte LLP
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LEGAL COUNSEL
Weil Gotshal & Manges
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London EC4A 1AY
United Kingdom

COMPANY NUMBER
Registered in England and Wales: No. 10849486

OTHER INFORMATION
BID I Europe (UK) Limited (the “Company”) is a wholly owned subsidiary of BID Euro Aggregator LP and is a member of Brookfield Asset Management Inc. and its affiliates (“Brookfield”).

DIRECTORS’ REPORT FOR THE YEAR ENDED DECEMBER 31, 2019

The Directors present their annual report and the audited financial statements of BID I Europe (UK) Limited (the “Company”), registered number 10849486, for the period ended December 31, 2019.

The annual report is prepared for each financial year, starting January 1, and ending on December 31, except the first set of the comparative financial statements which covered the period from July 4, 2017 (date of incorporation) to December 31, 2018.

The Directors have not prepared a Strategic Report due to the company taking the small companies exemption, and as such the directors’ report is prepared in accordance with the provisions applicable to companies entitled to the small companies exemption.

Principal activities

The purpose of the Company is to carry on the business of primary lending investments in mezzanine infrastructure credit and potentially tradeable credit securities in the infrastructure space in Europe. Sectors of focus include renewable power, transportation, utilities and energy.

Results for the period

The results for the period are shown on page 15.

Directors

The Directors who held office during the period and until the date of this financial report were:
Philippa Louise Elder
Ian James Simes
Paul Lucas Sim
None of the Directors held a beneficial interest in the shares of the Company during the period or to date.

Going Concern

The main risk to the going concern assumption is that the Company will be unable to meet its contractual interest and principal payments on its loan notes. The Company relies on contractual interest and principal payments from its investments. Since the Company’s investments are performing in-line with expectations, the Directors consider the risk of default on interest and principal payments to be minimal.

The outbreak of the Novel Coronavirus (“COVID-19”) in early 2020 has significantly impacted global commercial activity and contributed to significant volatility in certain equity and debt markets. Considering post year-end market conditions and related uncertainties, we experienced minimal disruption across our portfolio despite the extraordinary challenges caused by the COVID-19 pandemic and related market volatility.

The Company receives interest income from investments located within the European Union ("EU") which are not expected to be impacted by the UK withdrawal from the EU without a withdrawal agreement. The Company does not provide any other services to non-UK EU member countries. In addition, the Company only receives limited supplies from non-UK EU member countries. The Company does not currently receive any goods from non-UK member countries and does not currently supply goods to non-UK EU member countries. Accordingly, the impact of the UK withdrawal from the EU without a withdrawal agreement is not expected to have a material impact on the Company.

After making enquiries, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, the directors adopted the going concern basis in preparing these financial statements.

Political and charitable donations

The Company made no political or charitable contributions during the period.

DIRECTORS' REPORT FOR THE YEAR ENDED DECEMBER 31, 2019 (CONTINUED)

Financial risk management objectives and policies

The Company's principal risks and uncertainties together with the processes that are in place to monitor and mitigate those risks where possible can be found in note 5, Financial Risk Management.

Existence of branches outside the UK

The company does not have branches, as defined in section 1046(3) of the Companies Act 2006, outside the UK.

Directors' indemnities

The Company has made qualifying third party indemnity provisions for the benefit of its directors which were made during the year and remain in force at the date of this report.

Future developments and Events after the balance sheet date

Events after the balance sheet date are disclosed in note 15.

Disclosure of information to the auditor

The Directors who held office at the date of approval of this Directors' report confirm that:

- So far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and
- Each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

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

Auditor

A resolution for the appointment of Deloitte LLP as auditor of the Company is to be proposed at the meeting of directors.

Approved by the board and signed on its behalf:
For and on behalf of

____

Name: Philippa Elder
Date: November 25, 2020

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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 in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union for each financial year. 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 those financial statements, International Accounting Standard 1 requires that directors:

- Properly select and apply accounting policies;
- Present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- Provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- Make an assessment of the company's ability to continue as a going concern.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They 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 responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BID I EUROPE (UK) LIMITED

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of BID I Europe (UK) Limited (the 'Company'):

- give a true and fair view of the state of the Company's affairs as at 31 December 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the statement of financial position;
- the statement of comprehensive income;
- the statement of changes in equity;
- the statement of cash flows; and
- the related notes 1 to 15.

The financial reporting framework that has been applied in their preparation is applicable law and IFRSs as adopted by the European Union.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Summary of our audit approach

Key audit matters	The key audit matters that we identified in the current year were: • Valuation of investments; and • Classification of investments. Within this report, key audit matters are identified as follows:

	Newly identified Increased level of risk Similar level of risk Decreased level of risk
Materiality	The materiality that we used in the current year was €3,100,000 which was determined on the basis of 2% of total assets.
Scoping	Audit work to respond to the risks of material misstatement was performed directly by the audit engagement team.
Significant changes in our approach	Our audit approach remained consistent with the prior year, with the exception that a new key audit matter was identified in relation to the classification of investments under IFRS 9 "Financial Instruments" ("IFRS 9"). The Company's investments in debt instruments incorporate unique features. Management are required to assess these features to determine whether the contractual cash flows are solely payments of principal and interest (SPPI), and failure to correctly assess the SPPI classification would have a material impact on the financial statements.

Conclusions relating to going concern

We are required by ISAs (UK) to report in respect of the following matters where:

- the directors' use of the going concern basis of accounting in 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.

We have nothing to report in respect of these matters.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our 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) that we identified. These matters included 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 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.

Valuation of Investments	
Key audit matter description	The Company holds investments of €158,320,000 as at 31 December 2019 (2018: €91,463,000), valued at amortised cost. These investments comprise senior bonds and senior loans and are highly material to the Company as they account for 98% of total assets. The year on year increase in investments is due to the increase in the number and value of loans held by the Company. Judgement is required by the directors as to whether any of the investments should be impaired based on the financial position and future prospects of the investment. In addition, IFRS 9 requires consideration of the need for an Expected Credit Loss ("ECL") provision based on unbiased forward looking information such as the timing of forecast future cash flows and collateral values when determining losses, and the assessment of a significant increase in credit risk. Management have concluded that no ECL provision was required. Further details are included within the accounting policy and critical accounting estimates and judgements note 4, and investments note 6 to the financial statements.
How the scope of our audit responded to the key audit matter	We obtained an understanding of the relevant controls related to the identification, valuation and recording of impairment provisions, and we evaluated whether the methodology applied by management is compliant with the requirements of IFRS 9. We challenged the appropriateness of management's assumptions as to whether any impairment was required to be recognised. This involved evaluating management's conclusions regarding the estimated timing of future cash flows and collateral values, together with their assessment of the credit rating of the counterparties. We involved our internal financial instrument specialists in challenging management's assessment that no ECL provision was required, by way of performing independent recalculations of a provision by reference to forecast cash flows and the credit rating of the counterparties. We obtained the most recent audited financial information of the related investments to determine whether they supported the carrying value.
Key observations	Based on the work performed, we concluded that the investments held by the Company were appropriately valued.

Classification of Investments	
Key audit matter description	The Company holds investments of €158,320,000 as at 31 December 2019 (2018: €91,463,000), valued at amortised cost, which comprise senior bonds and senior loans, and are highly material to the Company.

	IFRS 9 requires that investments are classified on the basis of the Company's business model, and the contractual cash flow characteristics of the asset. The Company's investments in debt instruments incorporate such contractual terms as interest rate step-ups, payment in kind interest provisions, and early redemption options. Management is required to assess these features and determine whether the contractual cash flows are SPPI on the principal outstanding. Any failure to correctly assess the SPPI classification would have a material impact on the financial statements, as debt instruments which fail the SPPI test are required to be measured at fair value. Further details are included within the accounting policy and critical accounting estimates and judgements note in note 4, and the investments note 6 to the financial statements.
How the scope of our audit responded to the key audit matter	We obtained an understanding of the relevant controls related to the classification of debt instruments and we evaluated whether the methodology applied by management is compliant with the requirements of IFRS 9. We reviewed management's assessment of the Company's business model, and the nature of the contractual cash flows arising on debt instruments. We reviewed contractual terms to assess whether cash flows related to the compensation for credit risk, administrative lending costs, and a reasonable profit margin, are in accordance with a basic lending arrangement.
Key observations	Based on the work performed, we concluded that investments held by the Company were appropriately classified.

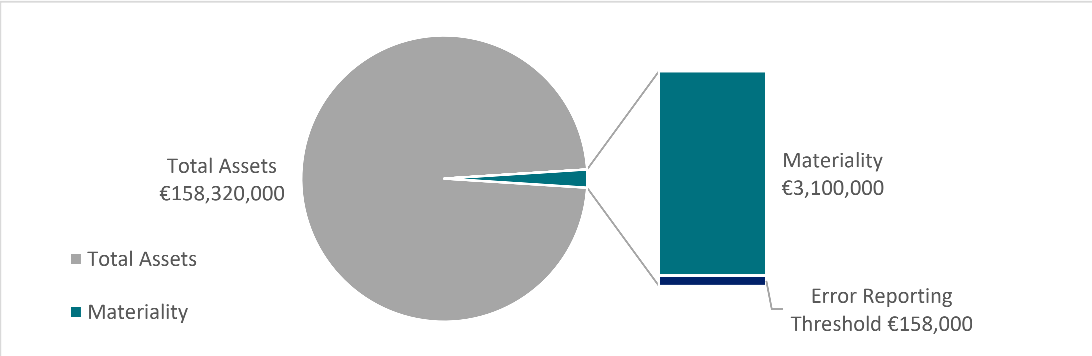
Our application of materiality

We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality both in planning the scope of our audit work and in evaluating the results of our work.

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

Materiality	€3,100,000 (2018: €1,800,000).
Basis for determining materiality	2% of total assets (2018: 2% of total assets).

Rationale for the benchmark applied	We determined materiality based on total assets as the Company holds investments in senior bonds and senior loans which are held at amortised cost, and make up 98% (2018: 97%) of total assets. The total assets of the Company were therefore considered the key performance indicator, and we considered it the most appropriate benchmark because of the Company's funding structure. The increase in materiality from prior year is due to the increase in gross assets held by the Company.



Performance materiality

We set performance materiality at a level lower than materiality to reduce the probability that, in aggregate, uncorrected and undetected misstatements exceed the materiality for the financial statements as a whole. Performance materiality was set at 70% of materiality. In determining performance materiality, we considered the following factors:

a. our risk assessment, including our assessment of the overall control environment, and that we consider it appropriate to rely on the General IT Controls; and
b. our past experience of the audit, which has indicated a low number of corrected and uncorrected misstatements identified last year.

Error reporting threshold

We agreed with the Board of Directors ("the Board") that we would report to the Board all audit differences in excess of €158,000 (2018: €91,000), as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report to the Board on disclosure matters that we identified when assessing the overall presentation of the financial statements.

An overview of the scope of our audit

Scoping

Our audit was scoped by obtaining an understanding of the entity and its environment, including internal control, and assessing the risks of material misstatement. Audit work to respond to the risks of material misstatement was performed directly by the audit engagement team.

The Company is ultimately owned by Brookfield Investment Management Inc, whose headquarters are in Toronto, Canada. It holds investments located within the European Union. The Company's central finance function is managed out of Toronto. Consequently, the audit fieldwork for the Euro Fund (which includes both BID I Europe (UK) Limited and BID I-A Europe (UK) Limited) is performed by Deloitte Luxembourg and Deloitte Canada. Therefore, Deloitte audit personnel from multiple member firms (Canada and Luxembourg) worked together as an integrated team, under the oversight of the Isle of Man partner, and collaborated under the cross-border approach.

Our consideration of the control environment

A third party administrator maintains the books and records of the Company. Our audit therefore included obtaining an understanding of the controls at this service organisation, to the extent that they are relevant to the Company. We obtained an external auditor's ISAE 3402 report for the period from 1 November 2018 to 31 October 2019 which documents the suitability of design and implementation and operating effectiveness of controls. The report covered General IT Controls in place for the NAV calculation and fund accounting. We obtained an understanding of the controls relevant to our audit. As the reporting date of the Company is 31 December 2019, we have obtained a bridging letter for the period from 1 November 2019 to 31 December 2019 detailing that there have not been any material changes to the internal control environment nor any material deficiencies in the internal controls.

Based on the above, we concluded that we could take a controls reliance approach on the controls relevant to the General IT Controls in relation to the financial reporting process.

Working with other auditors

Both Deloitte Canada and Deloitte Luxembourg performed the audit work at the level of materiality applicable to the Company. Deloitte Isle of Man supervised both the Deloitte Canada and Deloitte Luxembourg audit teams via weekly skype calls and reviewing their work papers.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon.

We have nothing to report in respect of these matters.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in 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.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors 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.

Auditor's 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 auditor's 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. This description forms part of our auditor's report.

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

Matters on which we are required to report by exception

Adequacy of explanations received and accounting records

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, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the directors' report and from the requirement to prepare a strategic report.

We have nothing to report in respect of these matters.

Directors' remuneration

Under the Companies Act 2006 we are also required to report if in our opinion certain disclosures of directors' remuneration have not been made.

We have nothing to report in respect of this matter.

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

M. Bainbridge

Matthew Bainbridge FCA (Senior Statutory Auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
Isle of Man
~~25~~ November 2020
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BID I EUROPE (UK) LIMITED
STATEMENT OF FINANCIAL POSITION

As at December 31, 2019

(€ THOUSANDS)	Notes	AS AT DECEMBER 31, 2019	AS AT DECEMBER 31, 2018
ASSETS			
Non-current assets			
Investments	6	154,002	88,756
Current assets			
Interest receivable		3,531	1,215
Other receivables		31	-
Cash and cash equivalents		756	1,492
TOTAL ASSETS		**158,320**	**91,463**
LIABILITIES			
Non-current liabilities			
Loan notes	9	148,258	86,271
Current liabilities			
Interest payable		4,029	2,037
Accrued expenses and other payables		326	81
Total Liabilities		**152,613**	**88,389**
EQUITY			
Called-up share capital	7	4,976	2,907
Retained earnings		731	167
Total Equity		**5,707**	**3,074**
TOTAL LIABILITIES AND EQUITY		**158,320**	**91,463**

The financial statements of BID I Europe (UK) Limited (registered number 10849486) were authorised for issue by the Board of directors on November 25, 2020 and were signed on its behalf by:

Philippa Elder
Director

The accompanying notes form an integral part of these financial statements.

BID I EUROPE (UK) LIMITED
STATEMENT OF COMPREHENSIVE INCOME

For the year ended December 31, 2019

(€ THOUSANDS)	Notes	YEAR ENDED DECEMBER 31, 2019	PERIOD ENDED DECEMBER 31, 2018
Interest income on investments	10	8,038	5,968
Arrangement fees		361	219
Commitment fees		211	-
Total net investment income		**8,610**	**6,187**
Management fees	12.3	(146)	(88)
Investment and other operating expenses		(52)	(34)
Organizational expenses		-	(4)
Operating profit		**8,412**	**6,061**
Interest expense	9	(7,684)	(5,847)
Bank charges		(5)	(4)
Profit before income tax		**723**	**210**
Income tax expense	11	(159)	(43)
Profit for the year/ period		**564**	**167**
Other comprehensive income		-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR/ PERIOD		**564**	**167**

All results reported for the year ended December 31, 2019 relate to continuing operations.

All results reported for the period ended December 31, 2018 relate to the period July 4, 2017 (date of incorporation) to December 31, 2018.

The accompanying notes form an integral part of these financial statements.

BID I EUROPE (UK) LIMITED
STATEMENT OF CHANGES IN EQUITY

For the year ended December 31, 2019

(€ THOUSANDS)	SHARE CAPITAL	RETAINED EARNINGS	TOTAL
AS AT DECEMBER 31, 2018	**2,907**	**167**	**3,074**
Profit for the year	-	564	564
Other comprehensive income for the year	-	-	-
Total comprehensive income for the year	-	564	**564**
Shares issued	2,069	-	2,069
AS AT DECEMBER 31, 2019	**4,976**	**731**	**5,707**

For the period from July 4, 2017 (date of incorporation) to December 31, 2018

(€ THOUSANDS)	SHARE CAPITAL	RETAINED EARNINGS	TOTAL
As at July 4, 2017 (date of incorporation)			
Profit for the period	-	167	167
Other comprehensive income for the period	-	-	-
Total comprehensive income for the period	-	167	**167**
Shares issued	2,907	-	2,907
AS AT DECEMBER 31, 2018	**2,907**	**167**	**3,074**

The accompanying notes form an integral part of these financial statements.

BID I EUROPE (UK) LIMITED
STATEMENT OF CASH FLOWS

For the year ended December 31, 2019

(€ THOUSANDS)	**Notes**	**YEAR ENDED DECEMBER 31, 2019**	**PERIOD ENDED DECEMBER 31, 2018**
OPERATING ACTIVITIES			
Profit before income tax		723	210
Adjustments to reconcile profit to net cash flows:			
Interest income on investments	10	(8,038)	(5,968)
Interest expense	9	7,684	5,847
Amortization of arrangement fees		(361)	(219)
Changes in working capital:			
Increase in other receivables		(31)	-
Increase in accrued expenses and other payables		151	253
Cash generated by operations		**128**	**123**
Interest income received on investments		4,434	4,753
Income tax paid		(65)	-
Net cash generated by operating activities		**4,497**	**4,876**
INVESTING ACTIVITIES			
Purchase and origination of investments	6	(63,597)	(88,538)
Cash used in investing activities		**(63,597)**	**(88,538)**
FINANCING ACTIVITIES			
Proceeds from issue of shares	7	2,069	2,907
Proceeds from issue of loan notes	9	61,641	85,838
Repayment of capitalized interests		(88)	-
Interest paid		(5,258)	(3,591)
Cash generated by financing activities		**58,364**	**85,154**
Net (decrease)/ increase in cash and cash equivalents		(736)	1,492
Cash and cash equivalents at the beginning of the year/ period		1,492	-
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR/ PERIOD		**756**	**1,492**

All results reported for the period ended December 31, 2018 relate to period July 4, 2017 (date of incorporation) to December 31, 2018.

The accompanying notes form an integral part of these financial statements.

Brookfield

For the year ended December 31, 2019

(€ thousands, except where noted)

1. GENERAL INFORMATION

BID I Europe (UK) Limited (the "Company") was incorporated as a private company limited by shares under the Companies Act 2006 on July 4, 2017 for an unlimited duration.

The Company's registered address is Level 25, 1 Canada Square, London E14 5AA, United Kingdom.

The purpose of the Company is to carry on the business of primary lending investments in mezzanine infrastructure credit and potentially tradeable credit securities in the infrastructure space in Europe. Sectors of focus include renewable power, transportation, utilities and energy.

Brookfield Global Infrastructure Advisor Limited (the "Portfolio Manager" or "BGIAL"), a limited company formed under the laws of the United Kingdom and an indirectly wholly owned subsidiary of Brookfield Asset Management Inc., a Canadian corporation formed by articles of amalgamation under the Business Corporations Act (Ontario), ("Brookfield AM" and together with its affiliates, "Brookfield") is the portfolio manager.

The Company has no employees.

The Company's financial year begins on the first day of January and ends on the thirty-first day of December of each year with exception of the first financial period which started on July 4, 2017 (date of incorporation) and ended on December 31, 2018.

2. STATEMENT OF COMPLIANCE

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and interpretations adopted by the International Accounting Standards Board ("IASB"), as far as endorsed by the European Union ("EU") and the Companies Act 2006 as applicable to companies reporting under IFRS.

3. SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied throughout the period presented, unless otherwise stated.

3.1. Basis of preparation

The financial statements have been prepared on a going concern basis, applying the historical cost convention except for the revaluation of certain financial instruments that are measured at revalued amounts or fair values at the end of each reporting period, as explained in the policies below.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires the directors to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 4.

All amounts are presented in thousands of Euros in the financial statements, except as otherwise stated.

3.2. Going concern

The main risk to the going concern assumption is that the Company will be unable to meet its contractual interest and principal payments on its loan notes. The Company relies on contractual interest and principal payments from its investments. Since the Company's investments are performing in-line with expectations, the Directors considers the risk of default on interest and principal payments to be minimal.

3.2. Going concern (continued)

The outbreak of the Novel Coronavirus (“COVID-19”) in early 2020 has significantly impacted global commercial activity and contributed to significant volatility in certain equity and debt markets. Considering post year-end market conditions and related uncertainties, we experienced minimal disruption across our portfolio despite the extraordinary challenges caused by the COVID-19 pandemic and related market volatility.

The Company receives interest income from investments located within the European Union ("EU") which are not expected to be impacted by the UK withdrawal from the EU without a withdrawal agreement. The Company does not provide any other services to non-UK EU member countries. In addition, the Company only receives limited supplies from non-UK EU member countries. The Company does not currently receive any goods from non-UK member countries and does not currently supply goods to non-UK EU member countries. Accordingly, the impact of the UK withdrawal from the EU without a withdrawal agreement is not expected to have a material impact on the Company.

After making enquiries, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, the directors adopted the going concern basis in preparing these financial statements.

3.3. Changes in accounting policies and disclosures

New standards, amendments and interpretations adopted by the Company

IFRIC 23, ‘Uncertainty over income tax treatments’
The Interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of IAS 12, ‘Income Taxes’. The Company has not identified any material impact on the financial statements following the implementation of IFRIC 23.

New standards, amendments and interpretations issued but not effective and not yet adopted by the Company

At the date of authorization of the financial statements, there were a number of standards and interpretations which were in issue but not yet effective. Management has assessed the impact of these standards and anticipates that the adoption of these standards and interpretations in future periods will not have a significant impact on the financial statements of the Company.

IFRS 16 *Leases*
The amendment resolves around providing lessees with an exemption from assessing whether a COVID-19 related rent concession is a lease modification and removes the illustration of the reimbursement from the lessor relating to leasehold improvements. The Company has not identified any material impact on the financial statements following the implementation of the amendment to IFRS 16.

3.4. Statement of cash flows

The Company reports cash flows from operating activities using the indirect method. Interest received from loans receivable is included within net cash flows from operating activities. Investment in loans is disclosed as cash flows from investing activities because this most appropriately reflects the Company’s business activities.

3.5. Foreign currency translation

3.5.1. Functional and presentation currency

The financial statements are presented in Euro (“EUR” or “€”), which is the Company’s functional currency and the presentation currency. Management considers the Euro as the currency that most faithfully represents the economic effects of the underlying transactions, events and conditions of the Company.

3.5.2. Transactions and balances

Transactions in foreign currencies are initially recorded at the functional currency rate prevailing at the date of the transaction. Assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the reporting date. All differences are taken to profit or loss.

Foreign exchange gains and losses are presented in the statement of comprehensive income within 'Net foreign exchange gain/ (loss)'.

3.6. Financial instruments

3.6.1. Classification of financial assets

The Company classifies its financial assets as measured at amortized cost or measured at fair value through profit or loss ("FVPL") on the basis of both:

- the business model for managing the financial assets; and
- the contractual cash flow characteristics of the financial assets.

3.6.1.1. Financial assets measured at amortized cost

A debt instrument is measured at amortized cost if it is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The Company includes in this category investment loans, bonds and short-term receivables (interest receivable and cash and cash equivalents).

3.6.1.2. Financial assets measured at FVPL

A financial asset is measured at FVPL if:

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

As at December 31, 2019, the Company does not hold any financial asset measured at FVPL.

3.6.2. Classification of financial liabilities

The Company classifies its financial liabilities as measured at amortized cost or measured at FVPL.

3.6.2.1. Financial liabilities measured at FVPL

A financial liability is measured at FVPL if it meets the definition of held for trading. The Company does not hold any financial liability measured at FVPL as at December 31, 2019.

3.6.2.2. Financial liabilities measured at amortized cost

This category includes all financial liabilities, other than those measured at FVPL. The Company includes in this category short-term payables and loan notes issued.

3.6.3. Recognition

The Company recognizes a financial asset or a financial liability when it becomes a party to the contractual provisions of the instrument.

Purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the market place (regular way trades) are recognized on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

3.6.4. Initial measurement

Financial assets and financial liabilities measured at amortized cost are measured initially at their fair value plus any directly attributable incremental costs of acquisition or issue.

3.6.5. Subsequent measurement

Financial assets and financial liabilities, other than those classified as at FVPL, are measured at amortized cost using the effective interest method less any allowance for impairment. Gains and losses are recognized in profit or loss when they are derecognized or impaired, as well as through the amortization process.

The effective interest method (EIR) is a method of calculating the amortized cost of a financial asset or a financial liability and of allocating and recognizing the interest income or interest expense in profit or loss over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial asset or financial liability to the gross carrying amount of the financial asset or to the amortized cost of the financial liability.

When calculating the effective interest rate, the Company estimates cash flows considering all contractual terms of the financial instruments but does not consider expected credit losses. The calculation includes all fees paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

3.6.6. De-recognition

A financial asset (or, where applicable, a part of a financial asset or a part of a group of similar financial assets) is de-recognized where the rights to receive cash flows from the asset have expired, or the Company has transferred substantially all of the risks and rewards of the asset.

The Company de-recognizes a financial liability when the obligation under the liability is discharged, cancelled or expired.

3.6.7. Impairment of financial assets measured at amortized cost

At each reporting date, the Company shall measure the loss allowance on loan notes classified as measured at amortized cost and other debtors at an amount equal to the lifetime expected credit losses if the credit risk has increased significantly since initial recognition. If, at the reporting date, the credit risk has not increased significantly since initial recognition, the Company shall measure the loss allowance at an amount equal to 12-month expected credit losses.

The Company measures credit risk and expected credit losses using probability of default, exposure at default and loss given default. The directors consider both historical analysis and forward looking information in determining any expected credit loss.

Significant financial difficulties of a debtor, probability that a debtor will enter bankruptcy or financial reorganization, and default in payments are all considered indicators that a loss allowance may be required.

3.6.7. Impairment of financial assets measured at amortized cost (continued)

If the credit risk increases to the point that it is considered to be credit impaired, interest income will be calculated based on the gross carrying amount adjusted for the loss allowance. A significant increase in credit risk is defined by the directors as any contractual payment which is more than 30 days past due or a counterparty credit rating which has fallen below the lowest rating of the “Investment Grade” category. Any contractual payment which is more than 90 days past due is considered credit impaired.

3.7. Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown in the current liabilities in the statement of financial position.

For the purpose of the statement of cash flows, cash and cash equivalents are stated net of outstanding bank overdrafts.

3.8. Called-up share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares are shown in equity as a deduction, net of tax, from the proceeds.

3.9. Distributions

Dividend distribution to the Company’s shareholders is recognised through the Statement of Changes in Equity when approved by the Company’s shareholders. If unpaid at year end, an accrual is recognised in the Statement of Financial Position.

3.10. Interest revenue and expense

Interest revenue and expense are recognized in the statement of comprehensive income for all interest bearing financial instruments using the effective interest method.

3.11. Establishment costs

Establishment costs are recognised as an expense when incurred.

3.12. Other expenses

All other expenses shown in the statement of comprehensive income are recorded on an accrual basis.

3.13. Taxation

The tax expense for the period comprises current income tax and is recognized in the income statement, except to the extent that it relates to items recognized in other comprehensive income or directly in equity, in which case the tax is also recognized in other comprehensive income of directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the reporting date in the United Kingdom.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

3.14. Events after the financial reporting period

Events after the financial reporting period that provide additional information about a position of the Company at the end of the financial reporting period (adjusting events) are reflected in the financial statements. Events after the financial reporting period that are non-adjusting events are disclosed in the notes when material.

3.15. Comparative figures

Changes in respect of the year ended December 31, 2018 reflected in the statement of financial position in the captions 'Loan notes' and 'Accrued expenses and other payables' amounting to € 214 are due to the reclassification of capitalized interests in respect of the loan notes from the caption 'Accrued expenses and other payables' to the caption 'Loan notes' (see Note 9).

4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in future periods.

Significant accounting judgements

4.1. Classification of debt instruments

IFRS 9 requires that the classification of debt instruments is determined based on the business models that the Company has in place for managing those assets.

There are three business models available under IFRS 9:

- "Hold to collect" model;
- "Hold to collect and sell" model; and
- Models that do not meet the criteria of either "Hold to collect" or "Hold to collect and sell".

The assessment of business model requires judgment based on facts and circumstances at the date of the directors' assessment. Annually, the directors consider quantitative factors (e.g., the expected frequency and volume of sales) and qualitative factors such as:

- how the performance of the business model and the financial assets held within that business model are evaluated and reported to key management personnel;
- the risks that affect the performance of the business model and the financial assets held within that business model, in particular, the way in which those risks are managed; and
- how managers of the business are compensated (e.g., whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected).

For the Company's debt instruments (loans and bonds), a further annual assessment has been undertaken of the contractual cash flows that were in place at the time of their origination to determine if they are consistent with those of a basic lending arrangement. That is, whether they have cash flows that are solely payments of principal and interest (SPPI). Where the cash flows are consistent with SPPI, assets are classified at amortized cost or at fair value through other comprehensive income (FVOCI).

As the debt instruments of the Company have SPPI characteristics and are held within a business model whose objective is to hold them to collect contractual cash flows ("Hold to collect" model), the directors concluded that the debt portfolio meets the conditions to be classified at amortized cost.

Significant accounting estimates

4.2. Impairment losses on debt instruments

Expected credit losses ("ECL") are determined for debt instruments that are classified at amortized cost or fair value through other comprehensive income, undrawn commitments and financial guarantees.

The measurement of impairment losses under IFRS 9 requires judgement, in particular the estimation of the amount and timing of future cash flows and collateral values when determining losses and the assessment of a significant increase in credit risk. These estimates are driven by a number of factors, changes in which can result in different levels of allowances. In determining ECL, the directors are required to exercise judgement in defining what is considered to be a significant increase in credit risk and in making assumptions and estimates to incorporate relevant information about past events, current conditions and forecasts of economic conditions. Going forward, the models which support these determinations are reviewed regularly in light of differences between loss estimates and actual loss experience.
The exercise of judgement in making estimations requires the use of assumptions which are highly subjective and very sensitive to the risk factors, in particular to changes in economic and credit conditions across a number of sectors and geographical areas.

The Company's ECL calculations are outputs of complex models with a number of underlying assumptions.

The significant judgements and estimates in determining ECL include:

- the Company's criteria for assessing if there has been a significant increase in credit risk relating to probabilities of default and loss given default, and the impact of forecast macroeconomic variables; and
- the development of ECL models, including the choice of inputs relating to macroeconomic variables.

Refer to Note 5.4.2 for details on ECLs.

5. FINANCIAL RISK MANAGEMENT

The Company is exposed to market risk (which includes risk of price fluctuations (otherwise called market price risk), currency risk and interest rate risk), liquidity risk and credit risk arising from the instruments it holds.

Set out below is a description of some of the more important types of risk and an outline of the process the Board of directors has implemented to assess, monitor and control these specific risks.

The management of the risks referred to above is carried out by management and by the Portfolio Manager which are ultimately responsible for the overall risk management approach within the Company.

Monitoring and controlling risks is primarily set up to be performed based on investment restrictions set out in the applicable laws and regulations.

The risk mitigation strategies and policies outlined below are reviewed annually by management and the Portfolio Manager to ensure that they are still effective and appropriate for the risk profile of the Company.

Brookfield operates within its own governance structure with clear terms of reference for the Board and a clear organisation structure, with documented delegated authorities and responsibilities (largely through role profiles).

5.1. Market price risk

Price risk is the risk that the fair value or future cash flows of an underlying investment will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to an individual financial instrument or its issuer, or factors affecting similar financial instruments traded in the market.

5.1. Market price risk (continued)

The Company's profit and loss and equity are not affected by the changes in market prices as the debt instruments are measured at amortized cost.

5.2. Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Company's profit and loss and equity are not affected by the changes in interest rates as the debt instruments carry fixed interest and are measured at amortized cost.

Cash and cash equivalent are at floating interest rates which are not significant. Had the interest rate increased or decreased over the period, there would have been no significant impact on the net equity.

5.3. Foreign currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates against the functional currency. As the Company mainly entered into transactions denominated in Euro, the Company's exposure to foreign currency risk is minimal as of December 31, 2019.

5.4. Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

Credit risk mainly arises from debt instruments, short-term receivables and cash and cash equivalents held at banks.

All those financial assets are subject to IFRS 9's impairment requirements.

5.4.1. Cash and cash equivalents

The Company's policy is to select reputable counterparties (e.g. banks) and closely monitor their creditworthiness by reviewing their credit ratings on a regular basis. Accordingly, the Company only enters into financial instruments and places cash with financial institutions with strong credit ratings.

As at December 31, 2019 and 2018, cash and short-term deposits are held by parties with a credit rating of AA/Aa or higher.

Management considers the probability of default to be close to zero as these instruments have a low risk of default and the counterparties have a strong capacity to meet their contractual obligations in the near term. As a result, no loss allowance has been recognized based on 12-month expected credit losses as any such impairment would be wholly insignificant to the Company.

5.4.2. Investments

The Company manages credit risk through diversification and selection of investments within specified limits and by obtaining collateral at the time of acquisition or origination, including pledges of shares issued by the underlying operating companies.

In order to manage credit risk, the Company has tasked management and the Portfolio Manager to develop and maintain credit risk gradings to categorise exposures according to their degree of risk of default.

For the year ended December 31, 2019

(€ thousands, except where noted)

5.4.2. Investments (continued)

The credit rating information is supplied by independent rating agencies where available and, if not available, management and the Portfolio Manager use other publicly available financial information and internal analysis to rate its major debtors.

The Company's exposure and the credit ratings of its investment counterparties are continuously monitored and financial transactions are only concluded with approved counterparties. Refer to Note 6 for information on investment counterparties.

The Company's current credit risk grading framework comprises the following categories:

CATEGORY	DESCRIPTION	BASIS FOR RECOGNISING ECLS
Stage1	The counterparty has a low risk of default and does not have any past-due amounts.	12-month ECL
Stage 2	Amount is > 30 days past due or there has been a significant increase in credit risk since initial recognition.	Lifetime ECL – not credit-impaired
Stage 3	Amount is > 90 of days past due or there is evidence indicating the asset is credit-impaired	Lifetime ECL – credit impaired
Write-off	There is evidence indicating that the counterparty is in severe financial difficulty and the Company has no realistic prospect of recovery.	Amount is written off

The table below details the credit quality of the Company's financial assets subject to IFRS 9's impairment requirements as well as maximum exposure to credit risk by credit risk rating grades as at December 31, 2019:

	Category	External credit rating	Internal credit rating	Expected ECL rate	12-month or lifetime ECL	Gross carrying amount	Loss allowance	Net carrying amount
Investments	Stage 1	unrated	unrated	0%	-	154,002	-	154,002
Interest receivable	Stage 1	unrated	unrated	0%	-	3,531	-	3,531
Other receivables	Stage 1	unrated	unrated	0%	-	31	-	31
TOTAL				**0%**	**-**	**157,564**	**-**	**157,564**

The table below details the credit quality of the Company's financial assets subject to IFRS 9's impairment requirements as well as maximum exposure to credit risk by credit risk rating grades as at December 31, 2018:

	Category	External credit rating	Internal credit rating	Expected ECL rate	12-month or lifetime ECL	Gross carrying amount	Loss allowance	Net carrying amount
Investments	Stage 1	unrated	unrated	0%	-	88,756	-	88,756
Interest receivable	Stage 1	unrated	unrated	0%	-	1,215	-	1,215
TOTAL				**0%**	-	**89,971**	-	**89,971**

Excessive concentration of credit risk

The Company's policies and procedures include specific guidelines to focus on maintaining a diversified portfolio of debt instruments.

For the year ended December 31, 2019

(€ thousands, except where noted)

5.4.2. Investments (continued)

Concentration of credit risk is managed by counterparty, geographical region and industry sector. As the investment period has just started, the Company is exposed to major counterparties. A major counterparty is defined as any counterparty that holds portfolio positions and cash that in the aggregate, are greater than 10% of net assets. However, these counterparties are in compliance with the terms of their respective lending agreements.

The schedule of investments (Note 6) analyses the concentration of credit risk of the Company's portfolio by counterparty, geographical region and industry sector.

No amounts due at December 31, 2019 were classified as past due, impaired or aged greater than three months. There were no material changes in the Company's credit risk exposure during the reporting period.

5.5. Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in realizing assets or in meeting obligations associated with financial liabilities as they fall due.

Liquidity risk is managed by ensuring that there is always sufficient headroom available to meet the working capital requirements of the Company. Brookfield monitors the maturity of the Company's obligations as and when they fall due.

The maturity analysis of the Company's financial assets and liabilities as at December 31, 2019 are set out below:

AS AT DECEMBER 31, 2019	ON DEMAND	1-3 MONTHS	4-12 MONTHS	MORE THAN 12 MONTHS	TOTAL
FINANCIAL ASSETS					
Investments	-	-	-	154,002	154,002
Interest receivable	-	-	3,531	-	3,531
Other receivables	-	-	31	-	31
Cash and cash equivalents	756	-	-	-	756
TOTAL FINANCIAL ASSETS	**756**	**-**	**3,562**	**154,002**	**158,320**
FINANCIAL LIABILITIES					
Loan notes	-	-	-	148,258	148,258
Accrued expenses and other payables	-	4,355	-	-	4,355
TOTAL FINANCIAL LIABILITIES	**-**	**4,355**	**-**	**148,258**	**152,613**

For the year ended December 31, 2019

(€ thousands, except where noted)

5.5. Liquidity risk (continued)

The maturity analysis of the Company's financial assets and liabilities as at December 31, 2018 are set out below:

AS AT DECEMBER 31, 2018	ON DEMAND	1-3 MONTHS	4-12 MONTHS	MORE THAN 12 MONTHS	TOTAL
FINANCIAL ASSETS					
Investments	-	-	-	88,756	88,756
Interest receivable	-	-	1,215	-	1,215
Cash and cash equivalents	1,492	-	-	-	1,492
TOTAL FINANCIAL ASSETS	**1,492**	**-**	**1,215**	**88,756**	**91,463**
FINANCIAL LIABILITIES					
Loan notes	-	-	-	86,271	86,271
Accrued expenses and other payables	-	2,118	-	-	2,118
TOTAL FINANCIAL LIABILITIES	**-**	**2,118**	**-**	**86,271**	**88,389**

5.6. Fair value disclosures

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Fair values determined using valuation models require the use of assumptions concerning the amount and timing of estimated future cash flows and discount rates. In determining those assumptions, the directors look primarily to external readily observable market inputs such as interest rate yield curves, currency rates, commodity prices and, as applicable, credit spreads.

A fair value measurement of a non-financial asset is the consideration that would be received in an orderly transaction between market participants, considering the highest and best use of the asset.

Assets and liabilities measured at fair value are categorized into one of three hierarchy levels, described below. Each level is based on the transparency of the inputs used to measure the fair values of assets and liabilities.

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

Investments

The Company carries its investments in debt instruments at amortized cost less impairment in accordance with IFRS 9, 'Financial Instruments'. See Note 4.1. for further details. Under IFRS 13, the fair value is required to be disclosed in the notes of the financial statements for all financial instruments not carried at fair value.

As at December 31, 2019, the fair value of debt instruments amounted to €154,002 (2018: €88,756) and is calculated by using valuation techniques based on non-observable data leading to a classification in Level 3 of the fair value hierarchy. Level 3 inputs reflect management's best estimate of what market participants would use in pricing the asset at the valuation date. Consideration is given to the risk inherent in the valuation technique and the risk inherent in the inputs to the model. Management used the discounted cash flow method applying a discount rate to the projected future cash flows of the investments to determine the fair value. Judgement is involved in the

(€ thousands, except where noted)

5.6. Fair value disclosures (continued)

determining appropriate assumptions used in the valuation process, the most significant of which is the discount rate.

Loan notes issued

As at December 31, 2019, the fair value of loan notes issued by the Company amounts to €148,258 (2018: €86,271) and is calculated based on cash flows discounted using market rates. They are classified within level 3 of the fair value hierarchy.

Other financial instruments not carried at fair value

The other financial instruments not carried at fair value are short-term financial assets (interest receivable and cash and cash equivalents) and other financial liabilities (accrued expenses and other short-term payables) whose carrying amounts are a reasonable approximation of fair value.

5.7. Capital management

The Company's primary capital management objectives are to ensure the sustainability of its capital to support continuing operations, meet its financial obligations, allow for growth opportunities and provide stable distributions to its shareholder. The Company's capital is monitored through the gearing ratio as follows:

	AS AT DECEMBER 31, 2019	AS AT DECEMBER 31, 2018
Debt [(i)]	148,258	86,271
Cash and cash equivalents	756	1,492
Net debt	**147,502**	**84,779**
Total equity	5,707	3,074
NET DEBT TO EQUITY RATIO	**2,585%**	**2,758%**

(i) Debt is defined as long- and short-term financings, as further described in Note 9.

Debt mainly consists of loan notes issued by the Company, proceeds of which were used to finance infrastructure and renewable energy projects through acquisition of bonds and term loans having the same payment schedule as the loan notes issued.

(€ thousands, except where noted)

6. INVESTMENTS

As at December 31, 2019

	INVESTMENT TYPE	NOMINAL VALUE	COUNTRY	INVESTMENT DATE	MATURITY DATE	INTEREST RATE	CURR.	CARRYING AMOUNT
TRANSPORTATION								
Autovia del Camino	Senior bonds	45,000	Spain	March 2018	December 2028	6.15%(1) (2)	EUR	45,000
DATA INFRASTRUCTURE								
Omers Fibre	Term loan	48,000	France	March 2019	March 2026	5.25%-6.25%	EUR	48,434
RENEWABLES								
Eolia	Senior loan (Tranche A)	48,000	Spain	March 2018 / March 2019	May 2025	5.85%	EUR	46,881
Whysol (3)	Senior secured fixed rate notes	14,200	Italy	March 2019	October 2027	6.15%	EUR	13,687
TOTAL								**154,002**

(1) *subject to payment in kind (PIK) interest provisions*
(2) *fixed coupon reduced to 5.50% as from 2023 until maturity*
(3) *As at December 31, 2019, the Company has unfunded commitments amounting to €8.3 million in respect of Whysol. Commitments are fully drawn for the other investments as at December 31, 2019.*

As at December 31, 2018

	INVESTMENT TYPE	NOMINAL VALUE	COUNTRY	INVESTMENT DATE	MATURITY DATE	INTEREST RATE	CURR.	CARRYING AMOUNT
TRANSPORTATION								
Autovia del Camino	Senior bonds	45,000	Spain	March 2018	December 2028	6.15%(1) (2)	EUR	45,000
RENEWABLES								
Eolia	Senior loan (Tranche A)	45,000	Spain	March 2018	May 2025	5.85%	EUR	43,756
TOTAL								**88,756**

(1) *subject to payment in kind (PIK) interest provisions*
(2) *fixed coupon reduced to 5.50% as from 2023 until maturity*

Autovia del Camino

On December 12, 2018, the Company purchased from Brookfield €45,000 of 11.5-year senior secured bonds originally issued on June 30, 2017 to support the acquisition of Autovia del Camino ("AdC") by an infrastructure fund sponsored by UBS. The bonds pay a fixed coupon of 6.15% through 2022 and a fixed coupon of 5.50% thereafter through final maturity. The bonds are fully amortizing after a 4.5-year grace period. AdC holds a long-term shadow tolling concession agreement to operate and maintain the 72.4 km A12 toll motorway, an essential link between two major cities in Northern Spain, Pamplona in the Navarra region and Longrono In La Rioja region.

Eolia

A 7.5-year term loan amounting to €48,000 is issued by a subsidiary of Alberta Investment Management Corporation ("AIMCo"). The loan pays an annual fixed coupon of 5.85% and is interest-only. Eolia is a renewable power company which owns and operates ~600MW of wind and ~70MW of solar assets throughout Spain.

For the year ended December 31, 2019

(€ thousands, except where noted)

6. INVESTMENTS (CONTINUED)

The initial loan of €45,000 was issued by Oaktree to the Company on November 17, 2017 for €43,538 representing a price of 96.75%. On March 5, 2019, AIMCo acquired 99.5% of Eolia Renovables de Inversiones ("Eolia") from Oaktree Capital Management ("Oaktree") and other minority shareholders. As part of AIMCo's acquisition on March 5, 2019, the loan facility was upsized by €3,000 at a price of 97.3%.

On March 5, 2019, AIMCo acquired 99.5% of Eolia from Oaktree and other minority shareholders. In conjunction with AIMCo's acquisition, the loan facility was upsized by €3,000 at a price of €97.3.

Omers Fibre

On March 25, 2019, the Company along with affiliated and third-party investors agreed to provide a €250,000 7-year loan facility to OMERS Fibre Holdings B.V. ("Omers Fibre"), a subsidiary of the Ontario Municipal Employees Retirement System. The Company provided €48,000 of the loan, at a price of €98.0.

The loan was used by Omers Fibre to help capitalize a 58% stake in a vehicle that, in turn, acquired a 49.99% stake in a joint venture (the "JV") that will be responsible for the roll-out and operation of 4.7 million fibre to the premises ("FTTP") connections across France. The JV has 1.1 million existing connections and the right to deploy an additional 3.6 million connections.

The loan pays a fixed coupon of 5.25% through the 4th anniversary followed by increases of 25 basis points in each of the subsequent six-month periods through maturity in March 2026. Omers Fibre has the option to PIK interest through the construction period of the FTTP connections at no additional cost. The principal of the loan is due in full upon maturity.

Whysol

On March 28, 2019, the Company committed to purchase up to €22,500 of notes from Whysol Renewable Holding 1 S.r.l. ("Whysol"). Whysol owns a portfolio of three operating wind farms in Italy with a total capacity of ~90 MW. Future note proceeds are expected to fund renewable asset acquisitions for Whysol's portfolio.

On March 28, 2019, the Company purchased €3,000 of notes from Whysol and received an upfront fee of €563, representing 2.5% of the total note purchase commitment. The note commitment extends for a period of 18 months during which time the Company earns a 2.0% per annum fee on available commitments. On August 2, 2019, Whysol issued €11,200 of notes to the Company to support a renewable asset acquisition, reducing the Company's remaining amount available under the note facility from €19,500 to €8,300.

The notes pay a fixed coupon of 6.15% and Whysol has the option to PIK interest at a 100-basis point premium up to a maximum PIK amount of €3,000 (Company's share: €2,250). The notes are interest only through the third anniversary and fully amortizing thereafter through final maturity in October 2027.

The carrying amounts of investments are composed as follows:

	AS AT DECEMBER 31, 2019	AS AT DECEMBER 31, 2018
Nominal amount of investments	155,200	90,000
Cumulated PIK interests	1,288	-
Cumulated loan loss allowance	-	-
Un-amortized portion of arrangement fees	(2,486)	(1,244)
TOTAL CARRYING VALUE	**154,002**	**88,756**

For the year ended December 31, 2019

(€ thousands, except where noted)

7. CALLED-UP SHARE CAPITAL

Allotted and fully paid share capital of the Company as at December 31, 2019 was 4,975,537 ordinary shares (2018: 2,907,017) of €1.00 each.

On February 23, 2018, the Company made a return of capital of €1,048 equal to 1,048,046 ordinary shares of €1.00 each.

On March 1, 2019, the Company issued 90,000 ordinary shares of €1.00 each.

On May 2, 2019, the Company issued 1,617,817 ordinary shares of €1.00 each.

On September 25, 2019, the Company issued 360,703 ordinary shares of €1.00 each.

8. DIVIDENDS

No dividends were declared, paid or proposed during the year ended December 31, 2019 (2018: nil).

9. LOAN NOTES

On November 20, 2017, the Company entered into a Note Issuance Agreement ("NIA") with its sole shareholder BID Euro Aggregator LP (the "Noteholder") for a total commitment of €1 billion to finance the acquisition of its debt portfolio.

The notes are listed on The International Stock Exchange located in Guernsey.

As at December 31, 2019, the Company issued the following series of loan notes:

LOAN NOTES	ISSUE DATE	INTEREST RATE	MATURITY DATE	NOMINAL AMOUNT
Series 2017-1	November 16, 2017	6% p.a. until the fourth anniversary and thereafter 5.35% p.a. (*)	May 10, 2025	42,728
Series 2017-2	December 12, 2017	5.7% p.a.	December 31, 2028	43,650
Series 2019-1	March 4, 2019	5.7% p.a. (*)	May 15, 2025	2,846
Series 2019-2	May 2, 2019	5.10% p.a. until the fourth anniversary and thereafter 5.35% p.a. (*)	March 31, 2026	45,778
Series 2019-3	May 2, 2019	6.0% p.a.	November 5, 2027	13,256
TOTAL				**148,258**

(*) *Subject to payment in kind (PIK) interest provisions as further set forth in the NIA.*

As at December 31, 2018, the Company issued the following series of loan notes:

LOAN NOTES	ISSUE DATE	INTEREST RATE	MATURITY DATE	NOMINAL AMOUNT
Series 2017-1	November 16, 2017	6% p.a. until the fourth anniversary and thereafter 5.35% p.a. (*)	May 10, 2025	42,621
Series 2017-2	December 12, 2017	5.7% pa.	December 31, 2028	43,650
TOTAL				**86,271**

(*) *Subject to payment in kind (PIK) interest provisions as further set forth in the NIA.*

(€ thousands, except where noted)

9. LOAN NOTES (CONTINUED)

Series 2017-1 loan notes are repayable at maturity date.

Series 2017-2 loan notes are redeemable in accordance with the redemption schedule as set out in the NIA, with its first redemption date on June 30, 2022.

Series 2019-1, Series 2019-2 and Series 2019-3 loan notes are repayable at maturity date.

10. INTEREST INCOME ON INVESTMENTS

By sector	YEAR ENDED DECEMBER 31, 2019	PERIOD ENDED DECEMBER 31, 2018
Data infrastructure	1,985	-
Transportation	2,806	2,977
Renewables	3,247	2,991
TOTAL	**8,038**	**5,968**

By geographical region	YEAR ENDED DECEMBER 31, 2019	PERIOD ENDED DECEMBER 31, 2018
France	1,985	-
Italy	431	-
Spain	5,622	5,968
TOTAL	**8,038**	**5,968**

All interest arises on assets carried at amortised cost.

11. TAXATION

The Finance Act 2019 received Royal Assent in February 2019.

11.1. Tax expense included in the statement of comprehensive income

	YEAR ENDED DECEMBER 31, 2019	PERIOD ENDED DECEMBER 31, 2018
Current income tax		
UK corporation tax on profit for the year/ period	159	43
Total current income tax	**159**	**43**
Deferred income tax		
Origination and reversal of timing differences	-	-
Impact on change in tax rate	-	-
Total deferred tax	**-**	**-**
TAX ON PROFIT	**159**	**43**

For the year ended December 31, 2019

(€ thousands, except where noted)

11.2. Tax reconciliation

	YEAR ENDED DECEMBER 31, 2019	PERIOD ENDED DECEMBER 31, 2018
Profit before income tax	723	210
Profit before taxation multiplied by standard rate of corporation tax in the United Kingdom of 19%	137	40
Effects of:		
Income not subject to tax	-	-
Expenses not deductible for tax purposes	-	3
Under provision in respect of the previous year	22	-
TOTAL TAX CHARGE FOR THE FINANCIAL YEAR/ PERIOD	**159**	**43**

12. TRANSACTIONS WITH RELATED PARTIES

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions. There were no transactions with related parties other than those in the normal course of business.

The Brookfield Asset Management Inc. and any affiliates thereof qualify as related parties.

12.1. Seed portfolio

During the financial period ended December 31, 2018, the Company acquired senior secured bonds in Autovia del Camino for €45 million from Brookfield who acted as the acquirer pending the transfer of the acquired debt instrument to the Company. See Note 6 for further details.

12.2. Loan notes issued to the Sole Shareholder

The Company issued loan notes in successive series, each with its own duration and coupon determined at the time the relevant series of loan notes was being placed to BID Euro Aggregator L.P. (the “Noteholder”). See Note 9 for further details.

12.3. Management fees

The Company entered into an agreement with BGIAL pursuant to which BGIAL has agreed to provide oversight of the business and provide the services of directors to the Company for a management fee, as may from time to time be agreed between the Company and BGIAL.

For the financial year ended December 31, 2019 management fees of €146 (2018: €88) were charged to the statement of comprehensive income. As at December 31, 2019, the management fees payable amounts to €146 (2018: nil).

In the opinion of the Directors, the ultimate parent company and controlling party at 31 December 2019 is Brookfield Global Infrastructure Advisor Limited, which is registered in England and Wales.

For the year ended December 31, 2019

(€ thousands, except where noted)

12.4. Auditor's remuneration

For the financial year ended December 31, 2019 the fees for audit-related services executed by the statutory auditor, related to the performance of the audit or review of the Company's financial statements, amounted to €12 (2018: €11).

13. CONTINGENT LIABILITIES

As at December 31, 2019 and 2018, there is no significant contingent liability outstanding identified as such by the management.

14. COMMITMENTS

Available commitments from the Noteholder	YEAR ENDED DECEMBER 31, 2019	PERIOD ENDED DECEMBER 31, 2018
As at the beginning of the year/ period	912,700	-
Increase of commitments	-	1,000,000
Funded commitments	(63,244)	(87,300)
AS THE END OF THE YEAR/ PERIOD	**849,456**	**912,700**

15. SUBSEQUENT EVENTS

The outbreak of the Novel Coronavirus ("COVID-19") in early 2020 has significantly impacted global commercial activity and contributed to significant volatility in certain equity and debt markets. The global impact of the outbreak continues to evolve rapidly. The length and severity of the economic shock will become more apparent as time progresses. The board of directors considers the emergence and spread of COVID-19 to be a post balance sheet event.

On 23 March 2020, the Company completed the financing for Solør Bioenergi resulting in a total investment amount of €7,000. This loan is performing in-line with expectations and given that the services provided by the underlying assets are essential, operations have not been significantly impacted by COVID-19.

In September 2020, the Company invested an additional €8.3 million by way of the final issuance of the Whysol Renewable notes.

The directors are not aware of any further material subsequent events requiring disclosure in the financial statements.