

Tunstall Real Estate Credit II Lendco S.à r.l.

Société à Responsabilité Limitée

Audited annual accounts for the financial period from 6 September 2018 (date of incorporation) to
31 December 2019

(with the Report of the Réviseur d'Entreprises Agréé thereon)

15, Boulevard F.W. Raiffeisen,
L-2411 Luxembourg,
R.C.S. Luxembourg: B229856

Tunstall Real Estate Credit II Lendco S.à r.l.

Table of Contents

	Pages
Management and Administration	1
Report of the Réviseur d'Entreprises Agréé	2-4
Balance Sheet	5-9
Profit and Loss Account	10-11
Notes to the annual accounts	12-19

Tunstall Real Estate Credit II Lendco S.à r.l.

Management and Administration

Registered Office

Alter Domus Luxembourg S.à r.l.
15, Boulevard F.W. Raiffeisen,
L – 2411, Luxembourg
Grand Duchy of Luxembourg

Legal Advisor

Arendt & Medernach S.A.
41, Avenue John F. Kennedy,
L-1855, Luxembourg
Grand Duchy of Luxembourg

Administrator

Alter Domus Luxembourg S.à r.l.
15, Boulevard F.W. Raiffeisen,
L-2411, Luxembourg
Grand Duchy of Luxembourg

Investment Advisor

Tunstall Real Estate Asset Management Ltd
The Monument Building,
11 Monument Street,
London, EC3R 8AF
United Kingdom

Bank

Société Générale Bank & Trust
11, avenue Emile Reuter,
L – 2420, Luxembourg
Grand Duchy of Luxembourg

Auditors

KPMG Luxembourg, Société coopérative,
39, Avenue John F. Kennedy,
L-1855 Luxembourg
Grand Duchy of Luxembourg

Board of Managers

Mr. Stephane Gatto
36, Rangwee,
L-2412, Luxembourg
Grand Duchy of Luxembourg

Mr. Francois Daloze (Resigned 31 December 2019)
5 Rue Guillaume Kroll
L-1882, Luxembourg
Grand Duchy of Luxembourg

Mrs. Mélanie Wilkin (Appointed 24 April 2020)
5 Rue Guillaume Kroll
L-1882, Luxembourg
Grand Duchy of Luxembourg



KPMG Luxembourg, Société coopérative
39, Avenue John F. Kennedy
L-1855 Luxembourg

Tel.: +352 22 51 51 1
Fax: +352 22 51 71
E-mail: info@kpmg.lu
Internet: www.kpmg.lu

To the Board of Managers of
Tunstall Real Estate Credit II Lendco S.à r.l.
15, Boulevard F.W. Raiffeisen
L-2411 Luxembourg
Luxembourg

REPORT OF THE REVISEUR D'ENTREPRISES AGREE

Opinion

We have audited the annual accounts of Tunstall Real Estate Credit II Lendco S.à r.l. (the "Company"), which comprise the balance sheet as at 31 December 2019, and the profit and loss account for the period from 6 September 2018 (date of incorporation) to 31 December 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 31 December 2019 and of the results of its operations for the period from 6 September 2018 (date of incorporation) to 31 December 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 are further described in the « Responsibilities of "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 for the annual accounts

The Board of Managers is responsible for the preparation and fair presentation of the 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

The objectives of our audit 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 “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 the 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.

Luxembourg, 19 January 2021

KPMG Luxembourg
Société coopérative
Cabinet de révision agréé



Bobbi Jean Breboneria
Partner

Annual Accounts Helpdesk :

Tel. : (+352) 247 88 494

Email :

centralebilans@statec.etat.lu

RCSL Nr. : B229856

Matricule : 20182471519

BALANCE SHEET

Financial year from ⁰¹ 06/09/2018 to ⁰² 31/12/2019 (in ⁰³ GBP)

Tunstall Real Estate Credit II Lendco S.à r.l.
15 Boulevard F.W. Raiffeisen
L-2411 Luxembourg

ASSETS

	Reference(s)	Current year	Previous year
A. Subscribed capital unpaid	1101	101	102
I. Subscribed capital not called	1103	103	104
II. Subscribed capital called but unpaid	1105	105	106
B. Formation expenses	1107	107	108
C. Fixed assets	1109	97,563,067	110
I. Intangible assets	1111	111	112
1. Costs of development	1113	113	114
2. Concessions, patents, licences, trade marks and similar rights and assets, if they were	1115	115	116
a) acquired for valuable consideration and need not be shown under C.I.3	1117	117	118
b) created by the undertaking itself	1119	119	120
3. Goodwill, to the extent that it was acquired for valuable consideration	1121	121	122
4. Payments on account and intangible assets under development	1123	123	124
II. Tangible assets	1125	125	126
1. Land and buildings	1127	127	128
2. Plant and machinery	1129	129	130

The notes in the annex form an integral part of the annual accounts

RCSL Nr. : B229856	Matricule : 20182471519
--------------------	-------------------------

	Reference(s)	Current year	Previous year
3. Other fixtures and fittings, tools and equipment	1131	131	132
4. Payments on account and tangible assets in the course of construction	1133	133	134
III. Financial assets	1135	97,563,067	136
1. Shares in affiliated undertakings	1137	137	138
2. Loans to affiliated undertakings	1139	139	140
3. Participating interests	1141	141	142
4. Loans to undertakings with which the undertaking is linked by virtue of participating interests	1143	143	144
5. Investments held as fixed assets	1145	145	146
6. Other loans	1147	97,563,067	148
D. Current assets	1151	5,846,671	152
I. Stocks	1153	153	154
1. Raw materials and consumables	1155	155	156
2. Work in progress	1157	157	158
3. Finished goods and goods for resale	1159	159	160
4. Payments on account	1161	161	162
II. Debtors	1163	1,845,074.00	164
1. Trade debtors	1165	165	166
a) becoming due and payable within one year	1167	167	168
b) becoming due and payable after more than one year	1169	169	170
2. Amounts owed by affiliated undertakings	1171	568,102	172
a) becoming due and payable within one year	1173	568,102	174
b) becoming due and payable after more than one year	1175	175	176
3. Amounts owed by undertakings with which the undertaking is linked by virtue of participating interests	1177	177	178
a) becoming due and payable within one year	1179	179	180
b) becoming due and payable after more than one year	1181	181	182
4. Other debtors	1183	1,276,972	184
a) becoming due and payable within one year	1185	1,276,972	186
b) becoming due and payable after more than one year	1187	187	188

	RCSL Nr. : B229856		Matricule : 20182471519	
	Reference(s)	Current year	Previous year	
III. Investments	1189	189	190	
1. Shares in affiliated undertakings	1191	191	192	
2. Own shares	1209	209	210	
3. Other investments	1195	195	196	
IV. Cash at bank and in hand	1197	2.3.3	4,001,597	198
E. Prepayments	1199			200
TOTAL (ASSETS)		201	103,409,738	202

CAPITAL, RESERVES AND LIABILITIES

	Reference(s)	Current year	Previous year
A. Capital and reserves	1301	214,618	302
I. Subscribed capital	1303 6	12,000	304
II. Share premium account	1305 6	97,223	306
III. Revaluation reserve	1307		308
IV. Reserves	1309		310
1. Legal reserve	1311		312
2. Reserve for own shares	1313		314
3. Reserves provided for by the articles of association	1315		316
4. Other reserves, including the fair value reserve	1429		430
a) other available reserves	1431		432
b) other non available reserves	1433		434
V. Profit or loss brought forward	1319		320
VI. Profit or loss for the financial year	1321	105,395	322
VII. Interim dividends	1323		324
VIII. Capital investment subsidies	1325		326
B. Provisions	1331	40,506	332
1. Provisions for pensions and similar obligations	1333		334
2. Provisions for taxation	1335 8	40,506	336
3. Other provisions	1337		338
C. Creditors	1435	101,954,522	436
1. Debenture loans	1437	73,998,217	438
a) Convertible loans	1439		440
i) becoming due and payable within one year	1441		442
ii) becoming due and payable after more than one year	1443		444
b) Non convertible loans	1445	73,998,217	446
i) becoming due and payable within one year	1447	686,326	448
ii) becoming due and payable after more than one year	1449 9.1	73,311,891	450
2. Amounts owed to credit institutions	1355		356
a) becoming due and payable within one year	1357		358
b) becoming due and payable after more than one year	1359		360

RCSL Nr. : B229856	Matricule : 20182471519
--------------------	-------------------------

	Reference(s)	Current year	Previous year
3. Payments received on account of orders in so far as they are not shown separately as deductions from stocks	1361	361	362
a) becoming due and payable within one year	1363	363	364
b) becoming due and payable after more than one year	1365	365	366
4. Trade creditors	1367	367	368
a) becoming due and payable within one year	1369	369	370
b) becoming due and payable after more than one year	1371	371	372
5. Bills of exchange payable	1373	373	374
a) becoming due and payable within one year	1375	375	376
b) becoming due and payable after more than one year	1377	377	378
6. Amounts owed to affiliated undertakings	1379	27,019,507	380
a) becoming due and payable within one year	1381	9.2	1,700,000
b) becoming due and payable after more than one year	1383	9.3	25,319,507
7. Amounts owed to undertakings with which the undertaking is linked by virtue of participating interests	1385	385	386
a) becoming due and payable within one year	1387	387	388
b) becoming due and payable after more than one year	1389	389	390
8. Other creditors	1451	936,799	452
a) Tax authorities	1393	393	394
b) Social security authorities	1395	395	396
c) Other creditors	1397	936,799	398
i) becoming due and payable within one year	1399	9.4	936,799
ii) becoming due and payable after more than one year	1401	401	402
D. Deferred income	1403	1,200,092	404
TOTAL (CAPITAL, RESERVES AND LIABILITIES)		405	103,409,738
			406

Annual Accounts Helpdesk :

Tel. : (+352) 247 88 494

Email :

centralebilans@statec.etat.lu

RCSL Nr. : B229856

Matricule : 20182471519

PROFIT AND LOSS ACCOUNT

Financial year from ⁰¹ 06/09/2018 to ⁰² 31/12/2019 (in ⁰³ GBP)

Tunstall Real Estate Credit II Lendco S.à r.l.

15 Boulevard F.W. Raiffeisen

L-2411 Luxembourg

PROFIT AND LOSS ACCOUNT

	Reference(s)	Current year	Previous year
1. Net turnover	1701 _____	701 _____	702 _____
2. Variation in stocks of finished goods and in work in progress	1703 _____	703 _____	704 _____
3. Work performed by the undertaking for its own purposes and capitalised	1705 _____	705 _____	706 _____
4. Other operating income	1713 _____	713 _____	714 _____
5. Raw materials and consumables and other external expenses	1671 _____	671 _____	672 _____
a) Raw materials and consumables	1601 _____	601 _____	602 _____
b) Other external expenses	1603 _____	603 _____	604 _____
6. Staff costs	1605 _____	605 _____	606 _____
a) Wages and salaries	1607 _____	607 _____	608 _____
b) Social security costs	1609 _____	609 _____	610 _____
i) relating to pensions	1653 _____	653 _____	654 _____
ii) other social security costs	1655 _____	655 _____	656 _____
c) Other staff costs	1613 _____	613 _____	614 _____
7. Value adjustments	1657 _____	657 <u>(276,543)</u>	658 _____
a) in respect of formation expenses and of tangible and intangible fixed assets	1659 _____	659 _____	660 _____
b) in respect of current assets	1661 _____	661 <u>(276,543)</u>	662 _____
8. Other operating expenses	1621 <u>10</u>	621 <u>(666,813)</u>	622 _____

The notes in the annex form an integral part of the annual accounts

RCSL Nr. : B229856

Matricule : 20182471519

	Reference(s)	Current year	Previous year
9. Income from participating interests			
	1715	715	716
a) derived from affiliated undertakings	1717	717	718
b) other income from participating interests	1719	719	720
10. Income from other investments and loans forming part of the fixed assets			
	1721	721	722
a) derived from affiliated undertakings	1723	723	724
b) other income not included under a)	1725	11	725
		3,390,323	726
11. Other interest receivable and similar income			
	1727	727	728
a) derived from affiliated undertakings	1729	729	730
b) other interest and similar income	1731	12	731
		309,695	732
12. Share of profit or loss of undertakings accounted for under the equity method			
	1663	663	664
13. Value adjustments in respect of financial assets and of investments held as current assets			
	1665	665	666
14. Interest payable and similar expenses			
	1627	627	628
a) concerning affiliated undertakings	1629	13.1	629
b) other interest and similar expenses	1631	13.2	631
		(2,610,761)	632
		(605,490)	630
		(2,005,271)	632
15. Tax on profit or loss			
	1635	14	635
		(36,333)	636
16. Profit or loss after taxation			
	1667	667	668
		109,568	668
17. Other taxes not shown under items 1 to 16			
	1637	14	637
		(4,173)	638
18. Profit or loss for the financial year			
	1669	669	670
		105,395	670

Tunstall Real Estate Credit II Lendco S.à r.l.

Notes to the annual accounts as at 31 December 2019

1. General Information

Tunstall Real Estate Credit II Lendco S.à r.l. (“the Company”) was incorporated on 6 September 2018 in the form of a Société à responsabilité limitée and is governed by the laws of the Grand Duchy of Luxembourg, especially by the law of 10 August 1915 on commercial companies, as subsequently amended, (“the Law”) as well as by its articles of association. Its registered office is established at 15, Boulevard F.W. Raiffeisen, L-2411 Luxembourg, Grand Duchy of Luxembourg and is registered at the Luxembourg Commercial Register under number R.C.S Luxembourg B229856. The Company is incorporated for an unlimited duration.

The corporate objective of the Company is the holding of participations in any form whatsoever in Luxembourg and foreign companies and in any other form of investment, the acquisition by purchase, subscription or in any other manner as well as the transfer by sale, exchange or otherwise of securities of any kind and the administration, management, control and development of its portfolio.

The Company may grant loans to, as well as guarantees or security for the benefit of third parties to secure obligations of, companies in which it holds a direct or indirect participation or right of any kind or which form part of the same group companies as the Company, or companies as the Company, or otherwise assist such companies.

The Company may raise funds through borrowing in any form or by issuing any kind of notes, securities or debt instruments, bonds and debenture and generally issue securities of any type. The Company may not publicly issue shares. The Company may carry out any commercial, industrial, financial, real estate or intellectual property which it considers useful for the accomplishment of these purposes.

The Company's financial year starts on 1 January and end on 31 December each year with the exception of the first period which covered the period from 6 September 2018 (date of incorporation) to 31 December 2019.

2. Principal accounting policies

2.1 Presentation of annual accounts

The annual accounts are established in accordance with Luxembourg legal and regulatory provisions and generally accepted accounting principles (“Lux GAAP”).

The preparation of the annual accounts requires the Board of Managers to make estimates and assumptions that affect certain amounts reported in the annual accounts. Although these estimates are based on management's best knowledge of current events and actions, actual results may differ from those estimates and the differences could be material.

The Board of the Managers of the Company believes that the underlying assumptions are appropriate and that the annual accounts present the financial position and the result fairly.

The Company maintains its books and records in GBP (or “£”) and the annual accounts are expressed in this currency.

2.2 Significant accounting policies and valuation policies

The following are the significant accounting policies and principal valuation rules, in compliance with the principles described above:

2.2.1 Currency conversion

The Company maintains its books and records in GBP (or “£”).

Transactions expressed in currencies other than GBP are translated into GBP at the exchange rate effective at the time of the transaction. Formation expenses and long-term assets expressed in currencies other than (currency of the annual accounts) are translated into GBP at the exchange rate effective at the time of the transaction. At the balance sheet date, these assets remain translated at historical exchange rates.

Tunstall Real Estate Credit II Lendco S.à r.l.

Notes to the annual accounts as at 31 December 2019

2. Principal accounting policies (continued)

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

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

Where there is an economic link between an asset and a liability, they are valued in total according to the method described above and only the net unrealised loss is recorded in the profit and loss account whereas the net unrealised gain is not recognised.

The principal exchange rate applied at year end is:

1 GBP: 1.175364 EUR

2.3 Assets

2.3.1 Financial assets

Long-term loans are valued at cost. In the case of durable depreciation in value according to the opinion of the Board of Managers, value adjustments are made in respect of financial assets, so that they are valued at the lower figure to be attributed to them at the balance sheet date. These value adjustments are not continued if the reasons for which the value adjustments were made have ceased to apply.

The carrying amount of the Company's financial assets is reviewed at each reporting date to determine whether there is any indication of impairment. The determination of what can be considered impaired requires judgment. The determination of what can be considered impaired, as well as the determination of recoverable amounts require management to make significant judgments, estimation and assumptions.

2.3.2 Debtors

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

2.3.3 Cash at bank and in hand

Cash at bank is valued at its nominal value.

2.4 Liabilities

2.4.1 Creditors

Creditors are valued at their nominal value.

2.5 Provisions

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

Provision may also be created to covers charges that have originated in the financial year under review or in a previous financial year, the nature of which is clearly defined and which at the date of the balance sheet are either likely to be incurred or certain to be incurred but uncertain as to their amount or the date on which they will arise.

Tunstall Real Estate Credit II Lendco S.à r.l.

Notes to the annual accounts as at 31 December 2019

2. Principal accounting policies (continued)

2.6 Profit and Loss

2.6.1 Dividends

Dividends are recognised once declared. Dividends are valued at their nominal value.

2.6.2 Income and expenses

Income and expenses are recorded on an accrual basis.

2.7 Finance Costs

Finance costs are accrued on a timely basis by reference to the principal outstanding and at the nominal amount.

2.8 Related Parties

Related parties are individuals and companies where the individual or company has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. It also includes sister companies and companies under common management or control and a member of the key management personnel of the Company or parent of the Company.

2.9 Going concern principle

The Company is required to assess the Company's ability to continue to operate as a going concern when preparing these financial statements. To do this, the Company has prepared cash flow forecasts for a period of 12 months from the date of approval of these financial statements which indicate that, taking account of reasonably possible downsides, the Company will have sufficient monthly cashflows to meet its short-term obligations as well as its long-term debts as they fall due.

Due to the COVID-19 pandemic the Company faces heightened credit risk from the inability of borrowers to meet their quarterly interest payments. This is being monitored by the Company's facility agent who work closely with the Company's borrowers to understand the challenges they are facing. Some of the loans have cash reserve bank accounts which are controlled by the facility agent, funds in these accounts can be used to top up interest payments should the need arise. To date, all interest payments have been made by all the Company's borrowers, this is not forecast to change over the next 12 months.

The liquidity position is monitored weekly, with current forecasts remaining positive. The Company is in regular contact with its loan provider and has not breached any of its loan covenants to date, this is not forecast to change over the next 12 months. The covenants of the underlying borrowers have also been considered in the going concern analysis, with plans being worked on with the borrowers in advance to remedy any potential breaches.

Due to the COVID-19 pandemic the Company faces increased capital exposure due to the potential fluctuation in the value of its borrower's real estate investments because of the wider economic impact from the pandemic. The average LTV of the loan portfolio is 75%, this provides significant headroom should a loan default and the Company need to recover its capital by selling the asset.

Given the above, the Board of Managers has formed the judgement that it is appropriate to prepare the annual accounts of the Company on a going concern basis.

Tunstall Real Estate Credit II Lendco S.à r.l.
Notes to the annual accounts as at 31 December 2019

3. Financial assets

	31 December 2019
	£
Balance at the beginning of the period	-
Loans during the period	107,018,488
Repayments during the period	(10,467,606)
Loan balance	96,550,882
Unamortised finance costs	1,012,185
Balance at the end of the period	97,563,067

The Company has made twelve loans to external parties during the period, ranging from GBP 1,600,000 to GBP 21,000,000 in value. The interest rate on these loans ranges from 5.25% to 10% per annum, with the length of the loans ranging from 2 to 5 years.

The Board of Managers have assessed the values of the investments as at the year end. Based on their assessment no value adjustment has been recorded.

During the period ended 31 December 2019 no loans were made to any affiliated undertakings.

As at the reporting date, management did not identify any evidence from internal reporting indicating impairment of an asset or class of assets and there were no significant adverse changes in the market that could have an adverse effect of its assets.

4. Debtors

4.1 Amounts owed to affiliated undertaking

	31 December 2019
	£
Intercompany receivable from Tunstall Real Estate Credit II Holdco S.à r.l.	568,102
	<u>568,102</u>

4.2 Other Debtors

	31 December 2019
	£
Accrued interest receivable	1,231,363
Arrangement fee receivable	45,491
Administration des Contributions Directes	118
	<u>1,276,972</u>

5. Cash at bank and in hand

As at 31 December 2019 the balance of the bank account of the Company amounts to GBP 4,001,597, of which, GBP 3,790,085 is restricted.

6. Subscribed capital and Share Premium account

The subscribed capital of GBP 12,000 is represented by 12,000 shares with a par value of GBP 1 each. As at 31 December 2019 the contributions of the Shareholder are GBP 97,223 to the Company through contributions in cash. The contributions of such amounts to the equity of the company resulted without issuing new shares.

7. Legal reserve

Under Luxembourg law, the Company is obliged to transfer to a legal reserve 5% of its net profit each year until the reserve reaches 10% of the issued share capital. This reserve is not available for distribution

Tunstall Real Estate Credit II Lendco S.à r.l.
Notes to the annual accounts as at 31 December 2019

8. Provision for taxation

The Company is fully taxable in the Grand Duchy of Luxembourg.

	31 December 2019
	£
Corporate income tax	27,954
Municipal business tax	8,379
Net wealth tax	4,173
	<u>40,506</u>

9. Creditors

9.1 Non-convertible loans becoming due and payable within one year

	31 December 2019
	£
Bank of America Merrill Lynch	686,326
	<u>686,326</u>

9.2 Non-convertible loans becoming due and payable after more than one year

	31 December 2019
	£
Balance at the beginning of the period	-
Bank of America Merrill Lynch	73,311,891
Balance at the end of the period	<u>73,311,891</u>

On 7 February 2019, the Company agreed a loan facility of GBP 78,000,000 with the Bank of America Merrill Lynch at a variable interest rate of 3% plus libor. The loan matures on 24 April 2024 and is secured against the asset level loans.

9.3 Affiliated undertakings becoming due and payable within one year

	31 December 2019
	£
Intercompany payable to Tunstall Real Estate Credit II Holdco S.à r.l.	1,700,000
	<u>1,700,000</u>

Tunstall Real Estate Credit II Lendco S.à r.l. received an intercompany loan at an interest rate of 12% per annum from Tunstall Real Estate Credit II Holdco S.à r.l.

9.4 Affiliated undertakings becoming due and payable after more than one year

	31 December 2019
	£
Tunstall Real Estate Credit II Holdco S.à r.l. – Loan note	19,347,307
Tunstall Real Estate Credit II Holdco S.à r.l. – Intercompany loan	5,972,200
	<u>25,319,507</u>

During the period, Tunstall Real Estate Credit II Lendco S.à r.l. issued GBP 19,347,307 of loan notes to Tunstall Real Estate Credit II Holdco S.à r.l.

The Company also received an intercompany loan from Tunstall Real Estate Credit II Holdco S.à r.l. at an interest rate of 10% per annum.

Tunstall Real Estate Credit II Lendco S.à r.l.
Notes to the annual accounts as at 31 December 2019

9. Creditors (continued)

9.5 Other creditors becoming due and payable within one year

	31 December 2019
	£
Loan interest expense	489,929
Borrowers cash reserve	271,813
Legal fees	55,384
Undrawn commitment fees	41,155
Accounting and administration fees	13,441
M7 short term loan	10,000
Other fees	55,077
	<hr/> 936,799

10. Other operating expenses

	6 September 2018 to 31 December 2019
	£
Professional fees	254,074
Legal fees	209,958
Amortisation of finance costs	116,141
Accounting and administration fees	43,474
Purchase commission and brokerage	21,398
Bank fees	8,197
Other fees	13,571
	<hr/> 666,813

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

	6 September 2018 to 31 December 2019
	£
Interest income from investments accrued	1,231,362
Interest income from investments received	2,158,961
	<hr/> 3,390,323

12. Other interest receivable and similar income

	6 September 2018 to 31 December 2019
	£
Arrangement fees (refer to note 15)	232,833
Reimbursement of fees	26,862
Other income	50,000
	<hr/> 309,695

Tunstall Real Estate Credit II Lendco S.à r.l.
Notes to the annual accounts as at 31 December 2019

13. Interest payable and similar expenses

13.1 Concerning affiliated undertakings

	6 September 2018 to 31 December 2019 £
Intercompany interest payable	605,490
	<hr/> 605,490

13.2 Other Interest payable and similar expenses

	6 September 2018 to 31 December 2019 £
Bank of America Merrill Lynch – loan interest	1,142,456
Bank of America Merrill Lynch – undrawn commitment fee	590,555
M7 Real Estate Limited – loan interest	26,126
Tunstall DPO Fund I Holdco Ltd – loan interest	211,635
M7 Aggregator Fund LP – loan interest	34,499
	<hr/> 2,005,271

14. Tax expense

	6 September 2018 to 31 December 2019 £
Corporate income tax	27,954
Municipal business tax	8,379
Net wealth tax	4,176
	<hr/> 40,506

15. Deferred Income

Deferred Income is comprised of GBP 1,200,092 of arrangement fees which have been capitalised as at 31 December 2019. The income is released to the profit and loss account over the life of the loan the arrangement fee relates to. The level of arrangement fee charged by the Company to a borrower is between 1 and 2 percent of the total loan balance.

16. Related Parties

Name of Related Party	Relationship
Tunstall Real Estate Credit II Charitable Trust	Ultimate parent
Tunstall Real Estate Credit II S.à r.l	Intermediate parent
Tunstall Real Estate Credit II Holdco S.à r.l	Immediate parent

17. Number of employees

During the period from 6 September 2018 to 31 December 2019 the Company had no employees.

18. Off balance sheet commitments

There are no off balance sheet commitments.

Tunstall Real Estate Credit II Lendco S.à r.l.

Notes to the annual accounts as at 31 December 2019

19. Subsequent events

Loans

A loan of GBP 9,555,000 was provided to an external party on 2 March 2020.

A loan to an external party of GBP 6,000,000 was repaid in full during 2020.

Brexit

The United Kingdom (UK) officially left the European Union (EU) on 31 January 2020. The EU and the UK agreed a Withdrawal Agreement that allowed for a transition period until 31 December 2020, during this period, rules and procedures for customs and taxation remained the same. On 24 December 2020 the UK and the EU agreed a trade deal which provides clarity over the long-term trading relationship between the two parties.

COVID-19

The World Health Organisation declared on 11 March 2020 the coronavirus (COVID-19) outbreak a pandemic. The COVID-19 pandemic is an unprecedented challenge for the economics globally, and at the date of the annual accounts its effects are subject to significant levels of uncertainty. The Company assesses the spread of the virus SARS-CoV-2 which lead to the global outbreak of illness called COVID-19 to be a significant subsequent event.

The Company's going concern assessment was based on cash flow forecasts which in the Board's opinion supports the assertion that the Company will have sufficient resources to continue for a period of at least 12 months from the date of reporting. During the preparation of the annual accounts the Company did not identify any significant impact on its liquidity or financial position.