Denali European Opportunities Designated Activity Company (formerly SREO 3 Designated Activity Company)
Annual Report and Audited Financial Statements
For the financial year ended 31 December 2020

Registered number: 637781

Contents

Company Information

Directors	Lina Chi McGrath (resigned 4 September 2020) Yusni Md Isa (resigned 4 September 2020) Denis Kissane (appointed 28 September 2020) Vicki Gorman-Meade (appointed 4 September 2020) Amanda Donohue (appointed 4 September 2020)
Registered office	1st Floor 118 Baggot Street Lower Dublin 2, Ireland
Statutory Audit Firm	PricewaterhouseCoopers Chartered Accountants and Registered Auditors One Spencer Dock North Wall Quay Dublin 1, Ireland
Company secretary	Alter Domus Secretarial (Ireland) Limited 1st Floor, 118 Lower Baggot Street Dublin 2, Ireland
Administrator	Alter Domus (Ireland) Limited 1st Floor, 118 Lower Baggot Street Dublin 2, Ireland
Legal advisor	Maples and Calder (Ireland) LLP 75 St. Stephen's Green Dublin 2, Ireland
Investment Manager	North Wall Capital LLP 2 St. James's Street London, SW1A 1EF, United Kingdom
Bankers	Barclays Bank PLC Le Marchant House Le Truchot, St. Peter Port Guernsey, United Kingdom Alpha FX Group Brunel Building 2 Canalside Walk London, W2 1DG, United Kingdom The Bank of New York Mellon (Global Prime Partners) One Canada Square, Canary Wharf London, E14 5AL, United Kingdom

Directors' Report

The directors present their annual report on the affairs of Denali European Opportunities Designated Activity Company (the "Company") together with the audited financial statements, for the financial year ended 31 December 2020.

Principal activities, review of the business and future developments

The Company was incorporated on 15 November 2018 with the Companies Registration Office with registration number 637781.

These Financial Statements are the Company's separate financial statements for the financial year ending 31 December 2020. The comparative period covering the period from 15 November 2018 (date of incorporation) to 31 December 2019 is unaudited.

On the 26 March 2020, by special resolution and with the approval of the Registrar of Companies, the name of the Company was changed from SREO 3 Designated Activity Company to Denali European Opportunities Designated Activity Company.

The company commenced operations on 12 May 2020, when Company issued a Profit Participating Note of €500,000,000 due to mature in 2028 to the Noteholders. On the 23 October 2020 a second Profit Participating Note of €250,000,000 due to mature in 2028 also (collectively known as the "PPN") was issued. As at 31 December 2020, the Company had drawn down €62,500,000 to fund investments during the financial year and has repaid €8,000,000 (see Note 12). The PPN is listed on the TISE Stock Exchange in Guernsey.

The principal activities of the Company are to provide loan origination facilities to a variety of borrowers across industries as well as investing in debt and credit type instruments issued by businesses primarily in Western European countries and may also invest in investment opportunities that are in line with the Company's objective and expectations, financed through the issuance of a profit participating note to the Noteholders. As at 31 December 2020 the entity had corporate bonds valued at €6,677,723, loans advanced valued €44,421,217 and forward currency contracts valued at an unrealised loss of €582,231.

During the financial year, the Company generated a gross profit of €476.

Key performance indicators	**For the financial year ended 31 December 2020**
	€
Net gain on financial assets at fair value through profit or loss	1,319,109
Net loss on profit participating note at fair value through profit or loss	(1,847,523)

The net gain on financial assets at fair value through profit or loss consists only of the fair value movement.

As a result of the net gain financial assets at fair value through profit or loss, the company recognised a net loss on profit participating note at fair value through profit or loss in accordance with the calculation as outlined in Note 12.

The Company will continue to implement its strategy as outlined above.

Principal risks and uncertainties

The Company, through its investments, is subject to a variety of risks. The key financial risks facing the Company are market risk, credit risk and liquidity risk. The Company, in consultation with North Wall Capital LLP (the "Investment Manager"), has implemented risk management policies and certain procedures are applied to address these risks. Further information on risk management is disclosed in Note 8 of these audited financial statements.

Directors' Report (continued)

Principal risks and uncertainties (continued)

The Company's strategy is to provide loan facilities and invest in corporate bonds and any relevant investment opportunities. The Directors recognise that there is a risk that investments of suitable quality and returns which fit the Company's objectives may be difficult to source.

The COVID-19 pandemic has caused an increase in volatility in financial markets as well as causing severe impacts on certain sectors of the economy. The Company has been largely sheltered from this impact due to the fact that it made its first investments after the initial market shock. Prior to making any investment, detailed due diligence has been carried out including the impact of COVID-19 on the underlying business and broader market. Therefore there has not been any pandemic related write downs or impairments to any assets. There are many risks and uncertainties associated with the pandemic as government policy restrictions ease. These include a rise in personal and corporate insolvencies, slow or depressed economic growth and an increase in inflation. The directors with the assistance of the Investment Manager will continue to monitor the portfolio in identifying and managing this risk where possible.

Going concern

The directors consider the Company to be a going concern as explained in Note 2 to the financial statements.

Results and dividends for the financial year

The results for the financial period and the Company's financial position at the financial period-end are disclosed on pages 12 and 13 respectively. The directors do not recommend the payment of a dividend.

Accounting records

The directors are responsible for ensuring that adequate accounting records, as outlined in Section 281 to 285 of the Companies Act 2014, are kept by the Company. The measures taken by directors to ensure compliance with the Company's obligation to keep adequate accounting records are the use of appropriate systems and procedures and by ensuring that a competent service provider is responsible for the preparation and maintenance of the accounting records. The Company has appointed Alter Domus (Ireland) Limited (the "Administrator") to provide corporate services to the Company. The accounting records are kept at 1st Floor, 118 Lower Baggot Street, Dublin 2, Ireland.

Political donations

The Electoral Act, 1997, (as amended in 2012) requires companies to disclose all political donations over €200 in aggregate made during a financial year. The directors, on enquiry, have satisfied themselves that no such donations in excess of this amount have been made by the Company during the financial year.

Audit committee

The Company is not a large company as defined by Section 167 of the Companies Act 2014 and is therefore not required to establish an audit committee.

Directors and company secretary

The directors and company secretary of the Company and except where indicated, have served for the entire year. The directors of the Company are listed below:

Directors

Lina Chi McGrath	(resigned 4 September 2020)
Yusni Md Isa	(resigned 4 September 2020)

Directors' Report (continued)

Directors and company secretary (continued)

Vicki Gorman-Meade	(appointed 4 September 2020)
Amanda Donohue	(appointed 4 September 2020)
Denis Kissane	(appointed 28 September 2020)

The directors and company secretary had no material interest in any contract of significance in relation to the business of the Company other than that disclosed in the related party transactions detailed in Note 15. The directors and company secretary did not hold any shares, debentures or loan stock of the Company or any other group company requiring disclosure pursuant to section 329 of the Companies Act 2014 at the beginning of the financial year, during the year and at the end of the financial year. The director's fees are detailed in Note 15.

Capital Structure

The Company has issued 1 ordinary share, of the total authorised share capital of €1,000,000, divided into 1,000,000 shares of €1 each. The issued share capital is held by Acorn Investments Limited on behalf of a charitable trust. Each share carries the right to full vote at general meetings of the Company. The PPN holds seniority over the share capital.

Significant subsequent events

On the 12 February 2021, the Company entered into an additional loan facility agreement with PGMGM Limited for £9,800,000. On 23 February 2021, the Company entered into a loan facility agreement with Leigh Day for £2,324,541.

There are many risks and uncertainties associated with the pandemic as government policy restrictions ease. This includes a rise in personal and corporate insolvencies, slow or depressed economic growth and an increase in inflation. The directors with the assistance of the Investment Manager will continue to monitor the portfolio in identifying and managing this risk where possible.

Research and development

The Company has not incurred any expenses in relation to research and development.

Directors' compliance statement

The company qualifies as an investment company under Section 225 of the Companies Act and therefore is not required to prepare a directors' compliance statement.

Statement of directors' responsibilities

The directors are responsible for preparing the directors' report and the financial statements in accordance with Irish law. Irish law requires the directors to prepare financial statements for each financial year giving a true and fair view of the Company's assets, liabilities and financial position at the end of the financial year and the profit or loss of the Company for the financial year. Under that law the directors have prepared the financial statements in accordance with Irish Generally Accepted Accounting Practice (accounting standards issued by the UK Financial Reporting Council, including Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and Republic of Ireland and Irish law).

Under Irish law, the directors shall not approve the financial statements unless they are satisfied that they give a true and fair view of the Company's assets, liabilities and financial position as at the end of the financial period and the profit or loss of the Company for the financial period.

Directors' Report (continued)

Statement of directors' responsibilities (continued)

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether the financial statements have been prepared in accordance with applicable accounting standards and identify the standards in question, subject to any material departures from those standards being disclosed and explained in the notes to the financial statements; and
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to:

- correctly record and explain the transactions of the Company;
- enable, at any time, the assets, liabilities, financial position and profit or loss of the Company to be determined with reasonable accuracy; and
- enable the directors to ensure that the financial statements comply with the Companies Act 2014 and enable those financial statements to be audited.

The directors are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

This report was approved by the board of directors (the "Board") and authorised for issue on 17 May 2021 and signed on its behalf by:

Vicki Gorman-Meade

Vicki Gorman-Meade — Amanda Donohue

Independent auditors' report to the members of Denali European Opportunities Designated Activity Company

Report on the audit of the financial statements

Opinion

In our opinion, Denali European Opportunities Designated Activity Company's financial statements:

- give a true and fair view of the company's assets, liabilities and financial position as at 31 December 2020 and of its result and cash flows for the year then ended;
- have been properly prepared in accordance with Generally Accepted Accounting Practice in Ireland (accounting standards issued by the Financial Reporting Council of the UK, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and Irish law); and
- have been properly prepared in accordance with the requirements of the Companies Act 2014.

We have audited the financial statements, included within the Annual Report and Audited Financial Statements, which comprise:

- the Statement of Financial Position as at 31 December 2020;
- the Statement of Comprehensive Income for the year then ended;
- the Statement of Cash Flows for the year then ended;
- the Statement of Changes in Equity for the year then ended; and
- the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (Ireland) ("ISAs (Ireland)") and applicable law.

Our responsibilities under ISAs (Ireland) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

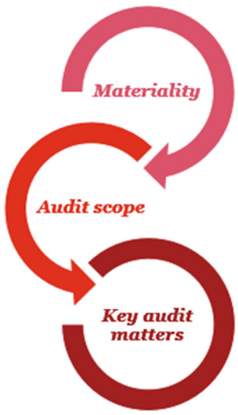
Independence

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

Independent auditors' report to the members of Denali European Opportunities Designated Activity Company - continued

Our audit approach

Overview



Materiality

- €567,958
- Based on 1% of Total Assets.

Audit scope

- The company is an entity incorporated under the laws of Ireland as a designated activity company limited by shares. The company entered into an investment management agreement with NorthWall Capital LLP who serves as investment manager (the "Investment Manager"). The purpose of the company is to provide loan origination facilities to a variety of borrowers across industries as well as investing in debt and credit type instruments. We tailored the scope of our audit taking into account the types of investments held by the company, the accounting processes and controls, and the industry in which the company operates.

Key audit matters

- Valuation and existence of investments in Loans advanced.

The scope of our audit

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

Key audit matters

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

Independent auditors' report to the members of Denali European Opportunities Designated Activity Company - continued

Key audit matter	*How our audit addressed the key audit matter*
Valuation and existence of investments in Loans advanced Please refer to Note 3(d) - Summary of significant accounting policies - Financial assets and liabilities, Note 8 - Financial Risk Management, Note 4 - Financial assets and liabilities at fair value through profit or loss and Note 17 - Significant subsequent events. The principal activity of the Company is to provide loan origination facilities to a variety of borrowers across industries (the "Loans advanced"). Loans advanced are valued at €44,421,217 and represent 78% of total assets. The Fair values for the Loans advanced are determined by the Investment Manager, who prepared valuation analyses using discounted cash flows. This valuation technique requires the Investment Manager to make a number of estimates such as the selection of an appropriate risk adjusted discount rate which is applied to projected cash flows which are dependent on the specific attributes of each investment. We focused on valuation and existence of the Loans advanced as they represent the principal element of the Statement of Financial Position.	Our audit procedures included obtaining an understanding of the business processes and methodology applied by the Investment Manager for accounting for, and valuing, the Loans advanced. We performed the following procedures on Investment in the Loans advanced held at 31 December 2020: We agreed the existence of the Loans advanced classified as Financial Assets at 31 December 2020 to underlying legal agreements and confirmed the existence of the agreement in place between the Company and the underlying borrowers. We also tested investment transactions on a sample basis. For investments held at 31 December 2020, the Investment Manager prepared the valuations using a discounted cash flow model. We agreed the price for all investments held at 31 December 2020 to their workings. We performed substantive testing on the key inputs in the discounted cash flow models used by the Investment Manager by comparing them to supporting information.These inputs included the discount rate, the expected cash flows and timing of receipt of cash flows. We tested the mathematical accuracy of each model. No material matters were noted as a result of performing these procedures.

How we tailored the audit scope

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

Independent auditors' report to the members of Denali European Opportunities Designated Activity Company - continued

The company is a designated activity company incorporated in Ireland. The company entered into an investment management agreement with the Investment Manager. The purpose of the company is to provide loan origination facilities to a variety of borrowers across industries as well as investing in debt and credit type instruments. We tailored the scope of our audit taking into account the types of investments held by the company, the accounting processes and controls, and the industry in which the company operates.

Materiality

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

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

Overall materiality	€567,958.
How we determined it	1% of Total Assets.
Rationale for benchmark applied	The Company is an asset-based investment entity.

We agreed with the Board that we would report to them misstatements identified during our audit above €28,398 as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

Conclusions relating to going concern

Our evaluation of the directors' assessment of the company's ability to continue to adopt the going concern basis of accounting included:

The principal activity of the company is to generate attractive current income and total return by investing in provide loan origination facilities to a variety of borrowers across industries as well as investing in debt and credit type instruments. The company issued unsecured Profit Participating Notes ("PPNs") which have limited recourse.

The Directors assessment of going concern outlined in note 2, considered quantitative and qualitative information, including other relevant conditions and events known and reasonably knowable at the date that the financial statements are issued. The considerations include: 1) Management's intent with regard to the structure, 2) the net assets (excluding PPNs), 3) Cashflow obligations and sources, including undrawn PPN amounts which have been committed, 4) the liquidity of the underlying investments held.

We considered the appropriateness of the going concern assessment of the Company by:

- Understanding the financial commitments of the Company for the next 12 months;
- Understanding the remaining life and the measures available to extend the life of the Company and agreeing same to the legal documents of the Company;
- Assessing the liquidity position of the Company including verifying cash held; and
- Noting that additional funds may be drawn from the PPN holders in order to fund discretionary follow-on investments.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from the date on which the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

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

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Independent auditors' report to the members of Denali European Opportunities Designated Activity Company - continued

Reporting on other information

The other information comprises all of the information in the Annual Report and Audited Financial Statements other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Directors' Report, we also considered whether the disclosures required by the Companies Act 2014 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (Ireland) and the Companies Act 2014 require us to also report certain opinions and matters as described below:

- In our opinion, based on the work undertaken in the course of the audit, the information given in the Directors' Report for the year ended 31 December 2020 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.
- Based on our 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 Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of directors' responsibilities set out on pages 5 and 6, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view.

The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (Ireland) 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.

Our audit testing might include testing complete populations of certain transactions and balances, possibly using data auditing techniques. However, it typically involves selecting a limited number of items for testing, rather than testing complete populations. We will often seek to target particular items for testing based on their size or risk characteristics. In other cases, we will use audit sampling to enable us to draw a conclusion about the population from which the sample is selected.

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Independent auditors' report to the members of Denali European Opportunities Designated Activity Company - continued

A further description of our responsibilities for the audit of the financial statements is located on the IAASA website at:

https://www.iaasa.ie/getmedia/b2389013-1cf6-458b-9b8f-a98202dc9c3a/Description_of_auditors_responsibilities_for_audit.pdf

This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with section 391 of the Companies Act 2014 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2014 opinions on other matters

- We have obtained all the information and explanations which we consider necessary for the purposes of our audit.
- In our opinion the accounting records of the company were sufficient to permit the financial statements to be readily and properly audited.
- The financial statements are in agreement with the accounting records.

Other exception reporting

Directors' remuneration and transactions

Under the Companies Act 2014 we are required to report to you if, in our opinion, the disclosures of directors' remuneration and transactions specified by sections 305 to 312 of that Act have not been made. We have no exceptions to report arising from this responsibility.

Other matter

The financial statements for the period ended 31 December 2019, forming the corresponding figures of the financial statements for the year ended 31 December 2020, are unaudited.

Fíona de Búrca

Fíona de Búrca
for and on behalf of PricewaterhouseCoopers
Chartered Accountants and Statutory Audit Firm
Dublin
18 May 2021

Statement of Comprehensive Income

	Notes	For the financial year ended 31 December 2020 €	For the financial period from 15 November 2018 to 31 December 2019 Unaudited €
Income			
Bond interest income		124,310	-
Loan interest Income		202,317	-
Net gain on financial assets at fair value through profit or loss	4	1,319,109	-
Net loss on profit participating note at fair value through profit or loss	4, 12	(1,847,523)	-
Foreign Exchange Gain		327,593	
		125,806	
Expenses			
Operating expenses	6	(125,172)	-
		(125,172)	
Profit for the financial year/period before tax		**634**	
Taxation	7	(1,308)	-
Loss for the financial year/period after tax		**(674)**	**-**
Other comprehensive income		**-**	**-**
Total comprehensive loss for the financial year/ period		**(674)**	**-**

All amounts relate to continuing operations.

The accompanying notes on pages 17-31 form an integral part of the financial statements.

Statement of Financial Position

	Notes	As at 31 December 2020 €	As at 31 December 2019 Unaudited €
Non-current assets			
Financial assets at fair value through profit or loss	4	11,523,753	-
Current assets			
Financial assets at fair value through profit or loss	4	39,575,187	-
Cash and cash equivalents	9	5,669,514	-
Trade and other receivables	10	1	1
Prepayments		27,330	-
		45,272,032	1
Creditors: amounts falling due within one year			
Financial liabilities at fair value through profit or loss	4	(414,089)	-
Creditors and accruals	11	(34,847)	-
Net current assets		**44,823,096**	**1**
Total assets less current liabilities		**56,346,849**	**1**
Creditors: amounts falling due after more than one year			
Profit participating note	12	(56,347,523)	-
Net assets		**(674)**	**1**
Capital and Reserves			
Share capital	13	1	1
Retained earnings		(673)	-
Total equity		**(674)**	**1**

The accompanying notes on pages 17-31 form an integral part of the financial statements.

The financial statements were approved by the Board on 17 May 2021 and signed on its behalf by:

Vicki Gorman-Meade

Vicki Gorman-Meade

Amanda Donohue

Statement of Changes in Equity

	Share capital €	Retained earnings €	Total €
Balance as at 1 January 2020	1	-	1
Issued share capital	-	-	-
Total comprehensive loss for the financial year	-	(674)	(674)
Balance as at 31 December 2020	**1**	**(674)**	**(673)**

	Share capital Unaudited €	Retained earnings Unaudited €	Total Unaudited €
Balance as at 15 November 2018	-	-	-
Issued share capital	1	-	1
Total comprehensive income for the financial period	-	-	-
Balance as at 31 December 2019	1	-	1

The accompanying notes on pages 17-31 form an integral part of the financial statements.

Statement of Cash Flows

	Financial year ended 31 December 2020	Financial period ended 31 December 2019 Unaudited
	€	€
Cash flows from operating activities		
Interest income received	233,965	-
Operating expenses paid	(97,439)	(1)
Purchases of financial assets	(50,579,765)	-
Cash received from financial assets	44,463,680	-
Loan advances	(46,482,175)	-
Loan repayments	3,347,650	-
Net cash inflows from operating activities	**(49,114,084)**	**(1)**
Cash flows from financing activities		
Receipt from profit participating note	62,500,000	
Repayment of profit participating note	(8,000,000)	
Issued share capital	-	1
Net cash inflows from financing activities	**54,500,000**	**1**
Net increase in cash and cash equivalents	**5,385,916**	**-**
Foreign Exchange Gain	**283,598**	**-**
Cash and cash equivalents at beginning of financial period/year	**-**	**-**
Cash and cash equivalents at end of financial period/year	**5,669,514**	**-**

The accompanying notes on pages 17-31 form an integral part of the financial statements.

Notes to the Financial Statements

1) Company information

The Company was registered as a designated activity company in Ireland on 15 November 2018, registration number: 637781. The principal activities of the Company is to provide loan origination facilities to a variety of borrowers across industries as well as investing in debt and credit type instruments issued by businesses primarily in Western European countries and may also invest in investment opportunities that are in line with the Company's objective and expectations, financed through the issuance of a profit participating note to the Noteholders. The loans will be funded from the proceeds of the Profit Participating Notes (the "PPN") issued by the company to the Noteholders. The company commenced operations on 12 May 2020.

The Company's registered office is at 1st Floor, 118 Lower Baggot Street, Dublin 2.

These financial statements are the Company's separate financial statements for the financial year ending 31 December 2020. The comparative period covering the period from 15 November 2018 (date of incorporation) to 31 December 2019 is unaudited.

On the 26 March 2020, by special resolution and with the approval of the Registrar of Companies, the name of the Company was changed from SREO 3 Designated Activity Company to Denali European Opportunities Designated Activity Company.

The Company is a qualifying company under Section 110 of the Taxes Consolidation Act 1997.

2) Going concern

These financial statements have been prepared on a going concern basis.

The Company meets its working capital requirements through drawdowns from the PPN issued. At 31 December 2020, the Company was in a net profit position. See liquidity risk in Note 8 below. The full extent of the Covid-19 economic impact is currently uncertain; however the directors continue to monitor the impact the pandemic may have on the Company and the underlying investments. In light of these circumstances, the directors believe that there is a reasonable expectation that the Company is well placed to manage its business risks and has adequate resources to continue in operational existence for the foreseeable future. The COVID-19 Pandemic has caused an increase in volatility in financial markets as well as causing severe impacts on certain sectors of the economy. The company has been largely sheltered from this impact due to the fact that it made its first investments after the initial market shock. Prior to making any investment detailed due diligence has been carried out including the impact of COVID-19 on the underlying business and broader market. Therefore, there has not been any pandemic related write downs to any assets. There are many risks and uncertainties associated with the pandemic as government policy restrictions ease. This includes a rise in personal and corporate insolvencies, slow or depressed economic growth and an increase in inflation. The directors with the assistance of the Investment Manager will continue to monitor the portfolio in identifying and managing this risk where possible.

The Directors in their assessment of going concern considered quantitative and qualitative information, including other relevant conditions and events known and reasonably knowable at the date that the financial statements are issued. The considerations include: 1) Management's intent with regard to the structure, 2) the net assets (excluding PPNs), 3) Cashflow obligations and sources, including undrawn PPN amounts which have been committed of €687,500,000, 4) the liquidity of the underlying investments held.

In light of these circumstances, the Directors believe that there is a reasonable expectation that the Company is well placed to manage its business risks and has adequate resources to continue in operational existence for the foreseeable future. Thus, it will continue to adopt the going concern basis of accounting in the preparation of the financial statements.

3) Summary of Significant Accounting Policies

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

Notes to the Financial Statements (continued)

3) Summary of Significant Accounting Policies (continued)

(a) Basis of compliance and preparation

The financial statements have been prepared on a going concern basis under the historical cost convention and in accordance with applicable accounting standards issued by the Financial Reporting Council, including Financial Reporting Standard ("FRS") 102, the Financial Reporting Standard applicable in the UK and Republic of Ireland ("FRS 102") and the Companies Act 2014.

The preparation of financial statements in conformity with FRS 102 requires the use of accounting estimates and for management to exercise judgement while applying the Company's accounting policies. These estimates are based on the management's best knowledge of events, which existed at the reporting date, however, the actual results may differ from these estimates.

(b) Functional and presentation currency

Items included in the financial statements of the Company are measured in the currency of the primary economic environment in which the Company operates. The financial statements of the Company are presented in Euro denoted by the symbol "€", which is the Company's functional and presentation currency.

Transactions in currencies other than Euro are recorded at the rates of exchange prevailing on the dates of the transactions. At each year-end date, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the Statement of Financial Position date. Foreign exchange gains and losses resulting from the settlement of such transactions are recognised and included in the Statement of Comprehensive Income.

(c) Critical accounting judgements and use of estimates

The preparation of financial statements requires the directors to make estimates and assumptions that affect the reported amounts of assets and liabilities including the disclosure of contingent assets and liabilities at the date of the financial statements. This also includes the reported amounts of increases and decreases in net assets from operations during the reporting period. Actual results could differ from those estimates and such differences could be material, especially under volatile economic conditions. The specific judgements and estimates made in preparing the Company's financial statements were in relation to the fair value of financial assets at fair value through profit or loss. Disclosures required under FRS 102 (model, inputs, assumptions, sensitivity) are disclosed in Notes 5 and 8 and those in relation to preparing the Company's financial statements under the going concern assumption are detailed in Note 2 above.

The Company, with the assistance of the Investment Manager, have made estimates and assumptions based on historical experience and expectation of future events. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the financial year in which the estimate is revised and any future financial years affected.

Judgement is exercised when impairing trade and receivables. Trade and other receivables are tested for impairment in line with the policy described in Note 3(d) to these financial statements. When assessing the impairment of an asset, management considers factors including the credit rating and long-term growth rate of the counterparties, the ageing profile of the receivables and historical experience.

(d) Financial assets and liabilities

The Company measures its financial instruments in accordance with the full requirements of FRS 102 relating to Basic Financial Instruments and Other Financial Instruments.

Classification
The Company classifies its financial assets and liabilities based on both the Company's business model for managing those financial assets and liabilities and the contractual cash flow characteristics of the financial assets and liabilities. The portfolio of financial assets consists of corporate bonds and loan advances which are evaluated on a fair value basis under the Company's business model. As the financial liabilities are

Notes to the Financial Statements (continued)

3) Summary of Significant Accounting Policies (continued)

(d) Financial assets and liabilities (continued)

Classification (continued)
valued based on the underlying value of the financial assets, which are predominantly valued based on fair value, they are also valued on a fair value basis.

The Company's policy requires the Investment Manager and the directors to evaluate the information about these financial assets and liabilities together with other related financial information. Financial assets at fair value through the profit or loss are classified as current assets when they are expected to be realised within 12 months of the Statement of Financial Position date.

Recognition and measurement
Regular purchases and sales of investments are recognised on the trade date – the date on which the Company commits to purchase or sell the investment. Financial assets are initially recognised at the transaction price and subsequently at fair value or amortised cost depending on the relevant business model for each investment. For each debt instrument held whereby the cash flows solely relate to payments of principal and interest the financial assets are recognised at amortised cost. Where the debt instrument generates cash flows that are note solely repayments of principal and interest the financial assets are recognised at fair value. The PPN is also valued at fair value through profit or loss. Transaction costs are expensed as incurred in the Statement of Comprehensive Income within financial assets or financial liabilities at fair value through profit or loss.

Forward currency contracts and corporate bonds are fair valued at each valuation date using the relevant price from a recognised exchange.

Financial assets are derecognised when the rights to receive/pay cash flows from/on the investments have expired or the Company has transferred substantially all risks and rewards of ownership.

Gains and losses arising from changes in the fair value of the financial assets and the PPN at fair value through profit or loss categories are presented in the Profit and Loss Account and Statement of Comprehensive Income as financial assets and financial liabilities at fair value through profit or loss in the year in which they arise.

Financial liabilities represent forward currency contracts which are recognised on a trade date basis and valued at their unrealised gain/(loss) at the valuation date. They are derecognised when the forward currency contract matures and any gain or loss on maturity is presented in the Statement of Comprehensive Income.

Interest on corporate bonds is recognised in the Statement of Comprehensive Income within financial assets at fair value through profit or loss. Interest on loan advances is recognised in income within the Statement of Comprehensive Income on an effective interest basis.

Income earned from financial assets and PPN valued at fair value through profit or loss and expenses incurred in relation to the Company's operations are reported through the Statement of Comprehensive Income.

Fair value estimation

FRS 102 establishes a fair value hierarchy that categorises into three levels the inputs to valuation techniques used to measure fair value. The fair value hierarchy gives the highest priority to quoted prices (unadjusted) in active markets for identical assets or liabilities (Level I inputs) and the lowest priority to unobservable inputs (Level III inputs). Market price observability is impacted by a number of factors, including the type of investment and the characteristics specific to the investment. Financial assets with readily available active quoted prices, either for the identical instrument or similar instruments, generally will have a higher degree of market price observability and a lesser degree of judgement used in measuring fair value.

Notes to the Financial Statements (continued)

3) Summary of Significant Accounting Policies (continued)

(d) Financial assets and liabilities (continued)

Fair value estimation (continued)

Financial assets and financial liabilities measured and reported at fair value are classified and disclosed utilising inputs from one or more of the following categories:

Level I - quoted (bid) price for an identical asset in an active market;
Level II - price of a recent transaction for an identical asset. If necessary, the price is adjusted to reflect updated economic conditions or if evidence suggests that a recent transaction was not at fair value; and
Level III - if there is no market and no suitable recent transactions then a valuation technique is used to determine the arm's length price for the asset. If a reliable, commonly used valuation method exists in that market, then that technique is used.

The fair value is the price that would be received to sell the asset in an orderly transaction between market participants at the measurement date. Where available, fair value is based on observable market prices or parameters or derived from such price or parameters. Where observable prices or inputs are not available, valuation techniques are applied. These valuation techniques involve varying levels of management estimation and judgement, the degree of which is dependent on a variety of factors. Hierarchical levels, as defined by FRS 102, directly related to the amount of subjectivity associated with the inputs to the valuation of these investments.

The corporate bonds and forward currency contracts held by the Company as at 31 December 2020 are classified as Level II investments. The loans advanced are classified as Level III investments as at 31 December 2020. Given the majority of the portfolio is classified as Level III the PPN has therefore been classified as Level III. For further details on how the PPN is valued please refer to Note 12.

(e) Cash and cash equivalents

Cash and cash equivalents comprise cash balances, bank overdrafts, deposits held on call with banks and other short term, highly liquid investments with original maturities of three months or less. Bank overdraft, when applicable, are shown within borrowings in current liabilities. Cash and cash equivalents are initially measured at transaction prices and subsequently at amortised cost.

(f) Expenses

All expenses are accounted for on an accruals basis.

(g) Taxation

The Company is a qualifying company within the meaning of Section 110 of the Taxes Consolidation Act, 1997. As such, the profits are chargeable to corporate income tax under Case Ill of Schedule D of the Taxes Consolidation Act, at the rate of 25%, but are computed in accordance with the provisions applicable to Case I of Schedule D.

Current taxation represents the amount expected to be paid or recovered in respect of taxable profits for the financial period and is calculated using taxation rates and laws that have been enacted or substantively enacted at the reporting date.

(h) Trade and other receivables

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. These assets are presented as current assets except for those expected to be realised later than 12 months after the Statement of Financial Position date which are presented as non-current assets.

Notes to the Financial Statements (continued)

3) Summary of Significant Accounting Policies (continued)

(i) Trade and other payables

Trade and other payables are amounts owed in the ordinary course of business. They are classified as liabilities. They are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

(j) Share capital

Ordinary shares are not redeemable and classified as equity as per the Company's Constitution.

k) Consolidation

The Company has availed of the exemption under the FRS 102 paragraph 9.9B, whereby an investment in a structured entity is excluded from consolidation on the grounds that the structured entity is held as part of an investment portfolio and is measured at fair value with changes in fair value recognised in profit or loss.

4) Financial assets and liabilities at fair value through profit or loss

As at 31 December 2020

	Opening Balance €	Additions/ Advances €	Disposals/ Repayments €	Fair Value Adjustment €	Closing Fair Value €	Closing Cost /Principal €
Financial assets						
Corporate bond	-	9,521,173	(3,330,000)	486,550	6,677,723	6,191,173
SREO 210 DAC	-	6,766,025	(3,347,650)	173,862	3,592,237	3,418,375
Capital Land (EDA) Swindon Ltd	-	35,588,356	-	394,592	35,982,948	35,588,356
PGMGM Limited	-	4,341,409	-	504,623	4,846,032	4,341,409
Total financial assets	**-**	**56,216,963**	**(6,677,650)**	**1,559,627**	**51,098,940**	**49,539,313**
Financial liabilities						
Forward currency contracts	-	-	-	(414,089)	(414,089)	-
Profit participating note	-	(62,500,000)	8,000,000	(1,847,523)	(56,347,523)	(54,500,000)
Total financial liabilities	**-**	**(62,500,000)**	**8,000,000**	**(2,261,612)**	**(56,761,612)**	**(54,500,000)**

As at 31 December 2019 (Unaudited)
There were no financial assets or liabilities as at 31 December 2019.

Notes to the Financial Statements (continued)

4) Financial assets and liabilities at fair value through profit or loss (continued)

Loans Advanced	Fair Value as at 31 December 2020	Maturity Date	Interest Rate	Principal Repayments
SREO 210 DAC	€3,592,237	2 July 2021	6% Fixed paid monthly	Monthly
Capital Land (EDA) Swindon Ltd	€35,982,948	6 December 2021	3 month Libor from 7 December 2020 + 14% margin accumulated to maturity	At maturity
PGMGM Limited	€4,846,032	11 December 2024	Annual Rate which is 4% above the base rate of the Bank of England accumulated to maturity	At maturity

	For the financial year ended 31 December 2020	For the financial year ended 31 December 2019 Unaudited
	€	€
Realised gain on financial assets at fair value through the profit or loss	456,875	-
Unrealised gain on financial assets at fair value through the profit or loss	1,559,627	-
Unrealised (loss) on financial liabilities at fair value through the profit or loss	(736,121)	-
Unrealised foreign currency gain	38,728	
Net gain on financial assets and liabilities at fair value through profit or loss	**1,319,109**	**-**

Categorisation of financial assets and financial liabilities

	Financial assets and liabilities measured at fair value 2020	Financial assets and liabilities measured at amortised cost 2020	Financial assets and liabilities measured at fair value 2019 Unaudited	Financial assets and liabilities measured at amortised cost 2019 Unaudited
Financial assets				
Corporate bond	6,677,723	-	-	-
Loans advanced	44,421,217	-	-	-
	51,098,940	**-**	**-**	**-**
Financial Liabilities				
Forward currency contracts	(414,089)	-	-	-
Profit participating note	(56,347,523)	-	-	-
	51,098,940	**-**	**-**	**-**

5) Fair Value Hierarchy

Valuation methodology

The valuation methodology used by the Company including the fair value hierarchy has been disclosed in Note 3(d). The table overleaf provides an analysis of the basis of measurement used by the Company to fair value its financial instruments into the aforementioned categories:

Notes to the Financial Statements (continued)

5) Fair Value Hierarchy (continued)

	Fair value hierarchy	As at 31 December 2020 €	As at 31 December 2019 Unaudited €
Financial assets			
Corporate bond	Level 2	6,677,723	-
Loans advanced	Level 3	44,421,217	-
		51,098,940	-
Financial liabilities			
Forward currency contracts	Level 2	(414,089)	-
Profit participating note	Level 3	(56,347,523)	-
		(56,761,612)	-

Name of investment	Fair value at 31 December 2020 €	Valuation technique	Unobservable input	Input values
SREO 210 DAC	€3,592,237	Discounted cash flow	Discount rate	13.70%
Capital Land (EDA) Swindon Ltd	€35,982,948	Discounted cash flow	Discount rate	18.91%
PGMGM Limited	€4,846,032	Discounted cash flow	Discount rate	82.00%

Assets and liabilities that are not carried at fair value but for which fair value is disclosed.

	As at 31 December 2020 €	As at 31 December 2019 Unaudited €
Cash and cash equivalents	5,669,514	
Trade and other receivables	1	1
	5,669,515	**1**

6) Operating Expenses

	For the financial year ended 31 December 2020 €	For the financial period ended 31 December 2019 Unaudited €
Legal and professional fees	42,245	-
Auditors' remuneration	18,450	-
Administration fees	32,663	-
Bank charges	3,298	-
Other expenses	28,516	-
Total	**125,172**	**-**

Notes to the Financial Statements (continued)

6) Operating Expenses

Section 322 of Companies Act, 2014 require disclosure in the financial statements of auditor's remunerations. Auditor's remuneration paid/payable to auditors comprise the following:

	Financial year ended 31 December 2020	Financial period ended 31 December 2019 Unaudited
	€	€
Statutory auditor's remuneration	18,450	-
Tax advisory services	-	-
Total	**18,450**	**-**

There are no other assurance, non-audit services or out of pocket expenses provided by the independent auditors (2019: Nil).

7) Taxation

	For the financial year ended 31 December 2020	For the financial period ended 31 December 2019 Unaudited
Current tax	€	€
Irish corporation tax on ordinary activities	1,308	-
Total current tax charge for the financial year/period	1,308	-

The Company is a qualifying company within the meaning of Section 110 of the Taxes Consolidation Act, 1997. As such, the profits are chargeable to corporate income tax under Case Ill of Schedule D of the Taxes Consolidation Act, at the rate of 25%, but are computed in accordance with the provisions applicable to Case I of Schedule D.

A reconciliation of the current tax charge for the financial year to the current charge that would result from applying the standard rate of Irish corporation tax to profit on ordinary activities is shown below:

	For the financial year ended 31 December 2020	For the financial period ended 31 December 2019 Unaudited
	€	€
Profit for the financial year/period	634	-
Profit for the year/period multiplied by the standard rate of Irish corporation tax of 12.5%	79	-
Effects of:		
Effect of 25% rate applicable to Section 110 companies	79	-
Non-deductible expenses	1,150	-
Utilisation of tax losses	-	-
Taxation charge	**1,308**	**-**

8) Financial risk management

Risk arising from financial instruments

The Company is potentially exposed to credit risk, liquidity risk and market risk arising from the financial instruments held. The following analysis, detailed in this note, highlights the nature and extent of these risks arising from the financial instruments held by the Company at 31 December 2020.

Notes to the Financial Statements (continued)

8) Financial risk management (continued)

The Company's overall risk management program is focused on ensuring compliance with the Company's investment guidelines and seeks to minimise potential adverse effects on the financial performance of the Company.

Financial risk management is monitored by the Investment Manager, who is responsible for providing or procuring portfolio management and risk management services to the Company, including sourcing, analysing, structuring and discussing with the Company investment and divestment opportunities for the Company and for evaluating, monitoring and advising in respect of voting rights in respect of the Company's assets.

Further details regarding these policies are set out below:

1) Credit risk

Default/credit risk is the risk that one party to a financial instrument will fail to discharge an obligation under the contract or arrangement and cause the other party to incur a financial loss. The Investment Manager monitors credit risk.

Financial assets exposed to credit risk include the corporate bond, loans advanced, forward exchange contracts and cash balances. It is the opinion of the directors that the carrying amounts of these financial assets represent the Company's maximum credit exposure at the year end. The credit risk of the investments is assessed annually by the Investment Manager.

Cash at bank and the forward exchange contract is held at the following banking institutions and the banking institutions hold the following Fitch's credit ratings:

	2020	2019
Barclays Bank PLC	A	A
Alpha FX	A	-
Investec	A	A
The Bank of New York Mellon	A	A

Corporate Bond by Rating	2020 %	2019 %
A	-	-
B	100	-
C	-	-

The Company manages the credit risk on the corporate bond by monitoring the profitability of the bond issuer and assessing their future outlook.

The Company manages the risk of the loans advanced defaulting by putting adequate controls in place to monitor that all repayments are received in a timely manner and holding collateral on the loans where necessary. The loans advanced are to companies without credit ratings and are currently held with no impairments. The transactions are underwritten based on conservative cash flow forecasts of the opportunity as well as the value of underlying security. Deals are only transacted if there is a good loan to value ratio to ensure there is plenty of headroom in the value of the underlying security if it is needed to release cash in order to repay the funding at maturity. There in ongoing monitoring of the underlying businesses once a transaction is executed to assess whether it continues to operate in accordance with its business plan. The Capital Land (EDA) Swindon Ltd loan was advanced for the purpose of funding the purchase of land and there is a mortgage debenture over the freehold property held by the borrowing entities and a share charge over the shares of the borrowing entities. In relation to the PGMGM Limited loan, the loan was advanced in order to fund the costs associated with litigation claims and the Company has a charge over the proceeds of a number of the litigation claims that the borrower is currently pursuing on behalf of its clients. The loan advanced to SREO 210 Designated Activity Company is unsecured.

The directors believe that there remains an inherent degree of uncertainty on the impact of the Covid-19 virus on the global economy. This could result in adverse impacts on currency and financial markets, such as increased

Notes to the Financial Statements (continued)

8) Financial risk management (continued)

1) Credit risk (continued)

volatility and illiquidity, and lower economic growth in markets in Europe and globally. Such adverse events may increase the Company's exposure to credit risk. The directors alongside the Investment Manager will continue to monitor the portfolio and manage this risk.

2) Liquidity risk

Liquidity risk is the risk that the Company may not be able to generate sufficient cash resources to settle its obligations in full as they fall due or can only do so on terms that are materially disadvantageous. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when they fall due, under both normal and stressed conditions, without incurring unacceptable losses or risk damage to its position.

Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities and the ability to settle investment transactions as they fall due.

The Company aims to maintain flexibility in funding by keeping adequate cash balances and ensuring variable funding notes are available. The Company can elect that the Noteholders be required to pay to the Company, an amount up to the total of the undrawn commitments at any time. The undrawn commitment from the PPN holders as at year end is €687,500,000 (2019: Nil), as detailed in Note 12.

The table below illustrates the liabilities of the Company:

	Less than 1 year	Between 1-5 years	More than 5 years
As at 31 December 2020			
PPN	-	-	56,347,523
Creditors and accruals	34,847	-	-
Forward Currency Contracts	414,089		
	448,936	**-**	**56,347,523**
As at 31 December 2019 (Unaudited)			
PPN	-	-	-
Creditors and accruals	-	-	-
	-	**-**	**-**

The liabilities of the Company at the 31 December 2020 comprise of amounts drawn on the PPN, forward currency contracts and short-term creditors. The portfolio of investments is regularly reviewed for liquidity risk and market developments relevant to the Company's investments are continually monitored to explore, evaluate and maximise all realisation opportunities and repaying the PPN, see Note 12. Liquidity risk on the short-term trade payables is considered low.

The balance of €56,347,523 (2019: Nil) for long term creditors as at 31 December 2020, relates to the unsecured PPN issued by the Company to Noteholders (see Note 12). The terms of the PPNs provide the Company sole and absolute discretion to make principal payments prior to the final redemption date of 2028. The Noteholders shall have recourse only to the assets of the issuer. The PPNs have a variable principal amount and will be advanced to the Company from time to time when the Company draws down the commitment from the Noteholders.

Notes to the Financial Statements (continued)

8) Financial risk management (continued)

3) Market risk

(i) Interest rate risk

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

The PPN interest is based on the amount of profit available at the interest payment date. Please see Note 12 for further detail. The interest on the PPN is based on an agreed amount implicit in the subscription agreement of €1,847,523 and is therefore not subject to interest rate risk.

The Company has entered into a secured term loan facility with Capital Land (EDA) Swindon Ltd and Capital Land Strategic Developments Ltd. The interest on this loan facility is the aggregate of margin plus LIBOR, and as such is subject to interest rate risk. There is also interest rate risk on the corporate bond held.

A 1% increase in the interest rate used in the valuation, with other variables held constant would reduce the valuation of loan facility by €72,735 (2019: Nil) in the financial assets of the Company. A 1% decrease would increase the valuation by €94,111 (2019: Nil).

The loans advanced to PGMGM Limited and SREO 210 DAC have a fixed interest rate and therefore these instruments are not subject to interest rate risk.

A movement of 100 basis points in the interest rate for the cash at bank, with other variables held consistent, would result in an insignificant movement in the net asset value of the Company. For all other assets & liabilities, there is no significant impact of interest rate risk.

(ii) Foreign Exchange Risk

The Company is not exposed to significant foreign currency risk through its cash and cash equivalents and investments as they are held in Euro. The Company has entered into forward contracts with a view to hedging foreign currency risk arising from entering into loan facility agreements based in GBP and is therefore subject to foreign exchange risk.

The notional amounts and maturity dates in relation to the forward contracts in existence at year end are as follows

1) Buy EUR 34,334,375 Sell GBP 31,250,000 – maturity date 3 September 2021
2) Buy EUR 3,394,369 Sell GBP 3,075,000 – maturity date 9 June 2021
3) Buy EUR 813,018 Sell GBP 745,000 – maturity date 3 September 2021
4) Buy EUR 2,124,330 Sell GBP 1,950,000 – maturity date 22 March 2021

A 5% increase in the foreign exchange rate used in the valuation, with other variables held constant would reduce the valuation of the forward contracts by €58,746 (2019: Nil) in the financial assets of the Company. A 5% decrease would increase the valuation by €54,923 (2019: Nil).

(iii) Price Risk

Price risk is the risk that the value of financial assets will vary with the movements in market prices. The company is exposed to the market risk through its investment in the corporate bond.

The investments are susceptible to market price risk arising from uncertainties about future values of the investments. The Investment Manager actively monitors price risk associated with these investments.

The performance of investments held by the Company is monitored by the directors and reviewed on an ongoing basis.

Notes to the Financial Statements (continued)

8) Financial risk management (continued)

3) Market risk (continued)

(iii) Price Risk (continued)

A 5% increase in the discount rate used in the valuation of the corporate bond, with other variables held constant would reduce the valuation of the corporate bond by €326,265(2019: Nil) in the financial assets of the Company. A 5% decrease would increase the valuation by €326,265 (2019: Nil).

A 5% increase in the discount rate used in the valuation of the loans advanced, with other variables held constant would reduce the valuation of the loans advanced by €366,049 (2019: Nil) in the financial assets of the Company. A 5% decrease would increase the valuation by €374,926 (2019: Nil).

Capital risk management

Working capital requirements are managed and met primarily through the appropriate retention of cash and realisation proceeds at any given point in time to continue as a going concern. The Company has no material capital requirements other than to ensure it has a minimum level of authorised and issued share capital of €1.

The investment activities are financed through the PPN. As at 31 December 2020, the principal amount outstanding relating to the PPN is €687,500,000 (2019: €Nil). The capital and working capital requirements are reviewed on a monthly basis to ensure the Company has sufficient resources to continue as a going concern in the future.

Concentration risk

Concentration risk can arise from the type of investments held in the portfolio, the maturity of assets, the concentration of sources of funding, concentration of counterparties or geographical locations. The loans are advanced to a variety of entities in different industries such as real estate and litigation and the Company also invests in a corporate bond so there is a range of investments held. 70% of the fair value of the portfolio is invested in a property development loan. The Investment Manager continues to monitor the composition of the portfolio in relation to concentration risk.

9) Cash and cash equivalents

	As at 31 December 2020	As at 31 December 2019 Unaudited
	€	€
Barclays EUR	4,244,695	-
Barclays GBP	1,247,882	-
Global Prime Partners CASS EUR	17,602	-
Global Prime Partners CASS GBP	8,932	-
Global Prime Partners Clearing EUR	170,000	-
Global Prime Partners Clearing GBP	-19,597	-
Total	**5,669,514**	**-**

10) Trade and other receivables

	As at 31 December 2020	As at 31 December 2019 Unaudited
	€	€
Share capital receivable	1	1
Total	**1**	**1**

Notes to the Financial Statements (continued)

11) Creditors and accruals

	As at 31 December 2020	As at 31 December 2019 Unaudited
	€	€
Accruals	33,539	-
Tax Charge	1,308	-
Total	**34,847**	**-**

12) Profit participating note

On 12 May 2020, the Company issued a Profit Participating Note of €500,000,000 due to mature in 2028 to the Noteholders. On the 23 October 2020 a second Profit Participating Note of €250,000,000 due to mature in 2028 (collectively known as the “PPN”) was issued. Under the terms of the PPN, the Company may draw down the PPN by issuing a payment notice to the Noteholders. As at 31 December 2020 €62,500,000 (2019: Nil) has been drawn down.

The following tables show a reconciliation of PPN activity for the financial year/period end:

	As at 31 December 2020	As at 31 December 2019 Unaudited
	€	€
Opening balance	-	-
Drawdown of PPN	62,500,000	-
Repayment of PPN	(8,000,000)	-
Net loss on PPN at fair value through profit or loss	1,847,523	-
Closing balance	**56,347,523**	**-**

PPN	Commitment	Drawdowns	Repayments	Interest	Closing Balance
2020					
Denali European Limited	500,000,000	18,165,398	(7,317,781)	92,029	10,939,646
Denali European 2 Limited	250,000,000	44,334,602	(682,219)	1,755,494	45,407,877
Total	**750,000,000**	**62,500,000**	**(8,000,000)**	**1,847,523**	**56,347,523**

The Noteholders are entitled to receive interest on the listed PPN. Interest will be regarded as accruing throughout the accrual period, being defined as the annual accounting year of the Company or from and including the last day of the immediately preceding accrual year to (but excluding) such date during such accounting year as the Company may determine from time to time (each an "accrual year"), provided that the first accrual year shall commence on the issue of the PPN’s and the last accrual year. This interest is presented as net gain/loss on profit participating notes at fair value through the profit or loss within the Statement of Comprehensive Income.

The amount of interest accrued in respect of any accrual period shall be (a) all income and gains earned by the Issuer from or in respect of the assets and liabilities or related arrangements (other than in respect of the Securities) of the Issuer less (i) any losses suffered by the Issuer for the accrual period, (ii) the sum of all operating expenses and costs (other than the accrual of the Interest) of the Issuer accrued in that accrual period and (iii) any carry forward losses (as defined below), and (b) to the extent not included in the foregoing, the taxable profits (before interest) of the Issuer relevant to that accrual period for Irish tax purposes but excluding €1,000 (such amount to be excluded from each available amount payable on a pro-rata basis by reference to the maximum possible accrual period noted in. The relevant amount of interest (if any) on the PPN for an accrual period shall be payable by the Company on any date that the Company may from time to time in its absolute discretion determine that it has sufficient unencumbered cash to do so (each an "Interest Payment Date"), any redemption date and to the extent

Notes to the Financial Statements (continued)

12) Profit participating note (continued)

not otherwise paid, on the maturity date. On each Interest Payment Date, the interest payable shall be first set off against any prepayments made during the relevant accrual period that are determined to be prepayments of interest and such set-off shall satisfy the Company's obligation to pay the amount set off. Following such set-off, to the extent that Interest remains unpaid, all unencumbered cash available on such Interest Payment Date shall be applied to pay such unpaid Interest and to the extent that the Company does not have sufficient unencumbered cash available to pay such unpaid Interest in full, on such subsequent date or dates as the Company may determine, to the extent that the Company has unencumbered cash available to pay all or part of such remaining unpaid interest.

13) Share capital

	As at 31 December 2019 €	As at 31 December 2019 Unaudited €
Authorised		
1,000,000 ordinary shares of €1 each	1,000,000	1,000,000
Allotted and called up		
1 ordinary shares of €1 each	1	1

The Company does not have any externally imposed capital requirements. The Company has issued 1 share, of the total authorised shares of 1,000,000 of €1 each. The issued share capital is held by Acorn Investments Limited on behalf of a charitable trust.

The Company's share capital is denominated in Euro. At any general meeting of the Company each ordinary share carries one vote. The ordinary share also carries the right to receive all income of the Company attributable to the ordinary shares, and to participate in any distribution of such income made by the Company.

14) Contingent liabilities and commitments

There were no contingent liabilities as of 31 December 2020 (2019: none). See outstanding commitments as at 31 December 2020 below (2019: none).

As at 31 December 2020	Commitment	Drawdowns	Undrawn Amounts
Entity	GBP	GBP	GBP
PGMGM Limited	4,000,000	3,903,057	96,943
Total	**4,000,000**	**3,903,057**	**96,943**

15) Related party transactions

The terms of the corporate services agreement in place between the Company and the Administrator provide for a single fee for the provision of corporate administration services (including the making available of individuals to act as directors of the Company). Vicki Gorman-Meade and Amanda Donohue were both appointed as directors of the Company, on the 4 September 2020. Lina Chi McGrath and Yusni Md Isa acted as Directors until their resignation on the 4 September 2020. These individuals acting as directors do not (and will not), in their personal capacity or any other capacity, receive any fee for acting or having acted as directors of the Company. For the avoidance of doubt, notwithstanding that the directors of the Company are employees of the Administrator, they each do not receive any remuneration for acting as directors of the Company. The fees received by the Administrator as outlined in Note 6, include €6,000 as consideration for making available these individuals to act as directors of the Company, for the financial year ended 31 December 2020 (2019: Nil).

Notes to the Financial Statements (continued)

15) Related party transactions (continued)

Denis Kissane, an independent director of the Company, also received a director's fee of €10,000 (2019: Nil) during the financial year of which nil is outstanding as at 31 December 2020 (2019: Nil).

As stated in the Investment Management Agreement, in consideration for its services, the Company shall pay to the Investment Manager such amounts by way of fees and/or profit distribution at such times and in relation to such periods as the Company and Investment Manager may agree from time to time. The Investment Manager has waived all management fees to be paid by the Company and has agreed to charge the North Wall European Opportunities Parallel Fund I LP, NWEOF Feeder Fund I LP and NWEOF Delaware Feeder Fund I LP for operational efficiency, the amount of €44,207 was charged to the corresponding entities as follows: North Wall European Opportunities Parallel Fund I LP €27,733 NWEOF Feeder Fund I LP €2,220 and NWEOF Delaware Feeder Fund I LP €14,254, on behalf of the Company.

The Company advanced a loan to SREO 210 Designated Activity Company on the 1 July 2020 for an amount of €7,200,000. SREO 210 DAC is a related party of the Company as it has directors in common with the Company and is also managed by North Wall Capital LLP. As at 31 December 2020 there was €3,592,236 to be repaid on this loan (2019: Nil)

16) Ultimate controlling party

The Company is an orphan structure and, as such, there is no ultimate controlling party.

17) Significant subsequent events

On the 12 February 2021, the Company entered into a loan facility agreement with PGMGM Limited for £9,800,000. On 23 February 2021, the Company entered into a loan facility agreement with Leigh Day for £2,324,541. As at the date of signing the financial statements all loan repayments on the loan advanced to SREO 210 Designated Activity Company are up to date.

There are many risks and uncertainties associated with the pandemic as government policy restrictions ease. This includes a rise in personal and corporate insolvencies, slow or depressed economic growth and an increase in inflation. The directors with the assistance of the Investment Manager will continue to monitor the portfolio in identifying and managing this risk where possible.

Subsequent events have been evaluated up to the date on which the financial statements were approved and authorised for issue and there are no material events to be disclosed or adjusted for in these financial statements, other than events discussed above and in Note 2.

18) Approval of the financial statements.

The financial statements were approved by the Board and authorised for issue on 17 May 2021.