PRAMERICA REAL ESTATE CAPITAL VI S.À R.L.

AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

20, rue de la Poste
L-2346 Luxembourg
Subscribed capital £12,500
R.C.S. No. B0202219

CONTENTS

BOARD OF MANAGERS AND PROFESSIONAL ADVISORS

Manager, Operator and AIFM of the Parent	PGIM Real Estate (UK) Limited
Board of Managers of the Company	PGIM Real Estate CD S.à r.l. E Baldan M Crowther
Registered office of the Company	20, rue de la Poste L-2346 Luxembourg Grand-Duché de Luxembourg
Parent	Pramerica Real Estate Capital VI, L.P.
Registered office of the Parent	Grand Buildings, 1-3 Strand, Trafalgar Square London, WC2N 5HR United Kingdom
General Partner of the Parent	Pramerica Precap VI GP LLP
Designated Members of Pramerica Precap IV GP LLP	PGIM Financial Limited PGIM (Scots) Limited
Auditor of the Company	PricewaterhouseCoopers, Société Coopérative 2, rue Gerhard Mercator B.P. 1443 L-1014 Luxembourg Grand-Duché de Luxembourg
Legal Advisor	Clifford Chance 10 Boulevard G.D. Charlotte B.P 1147 L-1011 Luxembourg Grand-Duché de Luxembourg

REPORT OF THE BOARD OF MANAGERS

The Board of Managers (the "Board") presents its report and the financial statements for the year ended 31 December 2020.

Pramerica Real Estate Capital VI S.à r.l. (the "Company"), was incorporated in Luxembourg on 3 December 2015 as a "Société à responsabilité limitée".

ACTIVITIES

The Company's object is to, directly or indirectly, acquire, hold or dispose of interests, in any form whatsoever and participations in Luxembourg or foreign entities, by any means and to administrate, develop and manage such holding of interests or participations.

The Company may also, directly or indirectly, acquire, hold or dispose of loans or of various tranches of loans or other indebtedness originated, structured or funded by other entities or persons, by any means and administrate, develop and manage such holding of loans or tranches of loans or other indebtedness.

The Company may make real estate related investments whether directly or through direct or indirect participations in subsidiaries of the Company owning such investments. The Company may also, directly or indirectly, invest in, acquire, hold or dispose of any kind of asset by any means.

The Company may also render every assistance, whether by way of loans, guarantees or otherwise to its subsidiaries or companies in which it has a direct or indirect interest or any company being a direct or indirect shareholder of the Company or any entity or person belonging to the same group as the Company (hereafter referred to as the "Related Parties") or any other entity.

The Company may in particular enter into the following transactions, it being understood that the Company will not enter into any transaction which would cause it to be engaged in any activity that would be considered as a regulated activity of the financial sector:

- to borrow money in any form or to obtain any form of credit facility and raise funds through, including, but not limited to, the issue, always on a private basis, of listed or unlisted bonds, notes, promissory notes and other debt or equity instruments convertible or not, the use of financial derivatives or otherwise;

- to advance, lend or deposit money or give credit to or with or to subscribe to or purchase any debt instrument issued by any Luxembourg or foreign entity on such terms as may be thought fit and with or without security;

- to enter into any guarantee, pledge or any other form of security, whether by personal covenant or by mortgage or charge upon all or part of the undertaking, property assets (present or future) or by all or any of such methods, for the performance of any contracts or obligations of the Company and of any of the Related Parties, within the limits of and in accordance with the provisions of Luxembourg Law;

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

During the financial year the Company has not performed any activity in the field of research and development and as at 31 December 2020, the Company does not own any of its own shares.

REPORT OF THE BOARD OF MANAGERS (continued)

RESULTS

The profit for the year amounts to £1,484,994 (2019: profit of £787,906).

BOARD OF MANAGERS

The managers who held office during the year and subsequently were:

PGIM Real Estate CD S.à r.l.
E Baldan
M Crowther

REGISTERED OFFICE

20, rue de la Poste
L-2346 Luxembourg
Grand-Duché de Luxembourg

BY ORDER OF THE BOARD

The Board of Managers

Place: Luxembourg

Date: 29 April 2021

Enrico Baldan
Manager

Andrzej Karcz
on behalf of
PGIM real Estate CD S.à.r.l.
Manager

Audit report

To the Shareholder of
Pramerica Real Estate Capital VI S.à r.l.

Our opinion

In our opinion, the accompanying financial statements give a true and fair view of the financial position of Pramerica Real Estate Capital VI S.à r.l. (the "Company") as at 31 December 2020, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union.

What we have audited

The Company's financial statements comprise:

- the statement of financial position as at 31 December 2020;
- the statement of cash flows for the year then ended;
- the statement of changes in equity for the year then ended;
- the statement of comprehensive income for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

Basis for opinion

We conducted our audit in accordance with the Law of 23 July 2016 on the audit profession (Law of 23 July 2016) and with International Standards on Auditing (ISAs) as adopted for Luxembourg by the "Commission de Surveillance du Secteur Financier" (CSSF). Our responsibilities under the Law of 23 July 2016 and ISAs as adopted for Luxembourg by the CSSF are further described in the "Responsibilities of the "Réviseur d'entreprises agréé" for the audit of the 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.

We are independent of the Company in accordance with the International Code of Ethics for Professional Accountants, including International Independence Standards, issued by the International Ethics Standards Board for Accountants (IESBA Code) as adopted for Luxembourg by the CSSF together with the ethical requirements that are relevant to our audit of the financial statements. We have fulfilled our other ethical responsibilities under those ethical requirements.

Other information

The Board of Managers is responsible for the other information. The other information comprises the information stated in the annual report but does not include the financial statements and our audit report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above 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, 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 in this regard.

Responsibilities of the Board of Managers for the financial statements

The Board of Managers is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs as adopted by the European Union, and for such internal control as the Board of Managers determines 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 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 financial statements

The objectives of our audit 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 audit 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 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 financial statements.

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 scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements, 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 audit report to the related disclosures in the financial statements 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 audit report. 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 financial statements, including the disclosures, and whether the financial statements 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.

Restriction on Distribution and Use

This report, including the opinion, has been prepared for and only for the Shareholder and the Board of Managers in accordance with the terms of our engagement letter and is not suitable for any other purpose. We do not accept any responsibility to any other party to whom it may be distributed.

PricewaterhouseCoopers, Société coopérative　　　　Luxembourg, 30 April 2021
Represented by

Electronically signed by:
Kenneth Kai Siong Iek

Kenneth Kai Siong Iek

STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 December 2020

	Note	Year ended 31 December 2020 £	Year ended 31 December 2019 £
Income			
Financing income	4	33,392,753	40,117,891
Net change in fair value of financial assets at fair value through profit or loss	7	(20,558,262)	19,994,051
Total net income		**12,834,491**	**60,111,942**
Expenses			
Net change in fair value of financial liabilities at fair value through profit or loss	8	1,282,030	(19,919,893)
Transaction costs	6	(894,259)	(220,597)
Other operating expenses	9	(1,738,546)	(912,633)
Operating profit		**11,483,716**	**39,058,819**
Other income	5	1,057,660	771,748
Finance costs	10	(10,276,221)	(38,756,935)
Profit before tax		**2,265,155**	**1,073,632**
Income tax expense	19	(780,161)	(285,726)
Profit before tax		**1,484,994**	**787,906**

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

STATEMENT OF FINANCIAL POSITION
As at 31 December 2020

	Note	31 December 2020 £	31 December 2019 £
ASSETS			
Non-current assets			
Financial assets at fair value through profit or loss	11	304,988,077	372,594,580
Total non-current assets		**304,988,077**	**372,594,580**
Current assets			
Financial assets at fair value through profit or loss	11	338,318,510	330,813,043
Amounts due from related parties	15	129,318	44,777
Trade and other receivables	14	78,319	102,891
Cash and cash equivalents	13	25,937,638	5,420,158
Total current assets		**364,463,785**	**336,380,869**
Total assets		**669,451,862**	**708,975,449**
EQUITY AND LIABILITIES			
Equity			
Share capital	21	12,500	12,500
Legal reserve		1,250	1,250
Retained earnings			
Result brought forward		616,068	(171,838)
Result for the year		1,484,994	787,906
Total equity		**2,114,812**	**629,818**
Current liabilities			
Financial liabilities at fair value through profit or loss	20	379,762,251	437,722,572
Amounts due to related parties	16	99,738	64,319
Accrued expenses	17	753,674	483,785
Trade and other payables	18	6,630,596	782,477
Current income tax liabilities	19	1,586	499,199
Total current liabilities		**387,247,845**	**439,552,352**
Non-current liabilities			
Financial liabilities at fair value through profit or loss	20	280,089,205	268,793,279
Total non-current liabilities		**280,089,205**	**268,793,279**
Total liabilities		**667,337,050**	**708,345,631**
Total equity and liabilities		**669,451,862**	**708,975,449**

The financial statements were approved by the Managers on 29 April 2021.

Managers

Enrico Baldan
Manager

Andrzej Karcz
on behalf of
PGIM real Estate CD S.à.r.l.
Manager

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

STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2020

	Share capital £	Retained earnings £	Legal Reserve £	Total equity £
Balance as at 1 January 2020	12,500	616,068	1,250	629,818
Gain for the year	–	1,484,994	–	1,484,994
Balance as at 31 December 2020	**12,500**	**2,101,062**	**1,250**	**2,114,812**

	Share capital £	Retained earnings £	Legal Reserve £	Total equity £
Balance as at 1 January 2019	12,500	(171,838)	1,250	(158,088)
Gain for the year	–	787,906	–	787,906
Balance as at 31 December 2019	**12,500**	**616,068**	**1,250**	**629,818**

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

STATEMENT OF CASH FLOWS
For the year ended 31 December 2020

	Note	Year ended 31 December 2020 £	Year ended 31 December 2019 £
Cash flows from operating activities			
Profit before tax		2,265,155	1,073,632
Adjustments for:			
Investment in debt instruments	11	(92,403,540)	(391,958,225)
Repayments of debt instruments	11	128,908,149	235,851,686
Net change in fair value of financial assets	7	20,558,262	(19,994,051)
Net change in fair value of financial liabilities	8	(1,282,030)	19,919,893
Realised (loss)/gain on settlement of derivatives	11,20	(253,848)	382,356
Decrease in trade and other receivables	14	24,572	7,259
Increase in amounts due from related parties	15	(84,541)	(43,236)
Decrease in amounts due to related parties	16	35,419	171
Increase/(decrease) in accrued expenses	17	269,889	(24,479)
Increase/(decrease) in trade and other payables	18	5,848,119	(2,143,842)
Income tax paid	19	(1,277,774)	(48,418)
Net cash flows provided by/(used in) operating activities		**62,607,832**	**(156,977,254)**
Cash flows from financing activities			
Proceeds from issuance of interest bearing loans	20	96,476,840	297,273,975
Repayment of interest bearing loans	20	(10,155,884)	(183,019,769)
Amounts drawn under multicurrency revolving facility line	20	68,983,659	415,565,823
Amounts repaid under multicurrency revolving facility line	20	(197,394,967)	(372,484,322)
Net cash flows (used in)/provided by financing activities		**(42,090,352)**	**157,335,707**
Cash and cash equivalents at beginning of the year		5,420,158	5,061,705
Net increase in cash and cash equivalents for the year		20,517,480	358,453
Cash and cash equivalents at the end of the year	13	**25,937,638**	**5,420,158**

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

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2020

1. General information

Pramerica Real Estate Capital VI S.à r.l. (the "Company") was incorporated on 3 December 2015 and is organised under the laws of Luxembourg as a "société à responsabilité limitée" for an unlimited period. The registered office of the Company is established in Luxembourg.

The Company's financial year starts on 1 January and ends on 31 December each year.

The Company is primarily engaged in the provision of capital to assist with the acquisition and refinancing of commercial real estate assets located in the Western Europe, with focus on United Kingdom ("UK") and Germany.

The Company is a wholly owned subsidiary of Pramerica Real Estate Capital VI, L.P. (the "Parent"). The Parent's group accounts consolidate the accounts of the Company. These consolidated financial statements are prepared using International Financial Reporting Standards ("IFRS") and as adopted by the European Union ("EU") and they are available at the registered office of the Parent.

On 23 June 2016, the UK held a referendum in which voters approved an exit from the EU, commonly referred to as "Brexit". As a result of the referendum, on 31 January 2020 the UK formally left the EU, entering into a transition period expiring 31 December 2020, during which it abided by EU rules. On 24 December 2020, the UK and the EU reached a Trade and Co – operation Agreement, governing the relationship between the two parties. The long term implications of Brexit and this agreement on the Company's investments are not yet known and Management will continue to monitor any impacts when determining the values reported in the financial statements and accompanying notes.

On 11 March 2020, the World Health Organization ("WHO") declared COVID-19 a pandemic, and national governments have implemented a range of policies and actions to combat it. The impact of the COVID-19 pandemic continues to evolve and has resulted in quarantines, supply chain disruptions, lower consumer demand, and general market uncertainty which causes market volatility. Management believes the estimates and assumptions underlying the financial statements are reasonable and supportable based on the information available, however, uncertainty over the ultimate impact COVID-19 will have on the global economy generally, and on the Company in particular, makes any estimates and assumptions inherently less certain than they would be absent the current and potential impacts of COVID-19. Therefore, the probability of the fair value of investments exactly approximating with the price achieved in the event of a sale is reduced. Management will continue to monitor developments, and their impact on the Company including its operations, lease agreements, net investment income, lending arrangements, debt covenants, the fair value of investments and estimates reported in the financial statements and accompanying notes. If the financial markets and/or the overall economy continue to be impacted by COVID-19 for an extended period, the Company's investment results may be materially adversely affected.

The financial statements of the Company are authorised for issue on 29 April 2021. The Parent does not have the power to amend the financial statements after issue.

2. 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. There were no changes in accounting policy in the year.

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2020

2. Summary of significant accounting policies (continued)

2.1 Basis of preparation (continued)

The financial statements of the Company have been prepared in accordance with IFRS as issued by the IASB and as adopted by the EU. The financial statements have been prepared under the historical cost convention, as modified to include the measurement of certain financial instruments at fair value.

The preparation of financial statements in conformity with IFRS requires the use of accounting estimates and judgements that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. Changes in assumptions may have a significant impact on the financial statements in the period the assumptions change. Management believes that the underlying assumptions are appropriate and that the Company's financial statements therefore present the financial position and results fairly. Significant accounting estimates used in preparing the financial statements are considered to relate to the fair value measurement of financial instruments designated at fair value through profit or loss ("FVTPL").

2.1.1 Going concern

Management believes that the Company has adequate resources to continue in operational existence for the foreseeable future. The Company therefore adopts the going concern basis in preparing its financial statements.

2.1.2 Standards and interpretations effective in 2020 and adopted by the Company

The following standards and amendments have been adopted by the Company for the first time for the financial year beginning on 1 January 2020:

- Amendments to IFRS 3, Business Combinations in Definition of a Business;
- Amendments to IFRS 9, Prepayment Features with Negative Compensations; and
- Amendments to IAS 1 and IAS 8, Definition of Material.

The adoption of these new standards and amendments do not have a significant effect on the financial statements of the Company.

2.1.3 Future accounting developments

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2020 reporting periods and have not been early adopted by the Company.

The following standards are not expected to have a material impact on the entity in the current or future reporting periods or on foreseeable future transactions:

- Amendments to IAS 1, Classification of liabilities as current or non-current;
- Onerous contracts - Cost of fulfilling a contract, Amendments to IAS 37;
- Amendment to IFRS 16, COVID-19 rent concessions;
- Interest Rate Benchmark Reform - Phase 2, Amendments to IFRS 9, IAS 39 and IFRS 7;
- IFRS 17, Insurance Contracts; and
- Proceeds before intended use, Amendments to IAS 16.

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2020

2. Summary of significant accounting policies (continued)

2.2 Foreign currency translation

(a) Functional and presentational currency

The financial statements are presented in Pounds Sterling ("£"), which is also the Company's functional currency. Management considers Pounds Sterling as the currency that most faithfully represents the economic effects of the underlying transactions, events and conditions.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign currency assets and liabilities are translated into the functional currency using the exchange rate prevailing at the reporting date.

Foreign exchange gains and losses arising from translation are included in the statement of comprehensive income.

Foreign exchange gains and losses relating to financial instruments designated at FVTPL are presented in the statement of comprehensive income within net change in fair value of financial assets and financial liabilities at FVTPL. All other foreign exchange gains and losses are presented net in the statement of comprehensive income.

2.3 Financial instruments designated at fair value

(a) Classification

The Company classifies its financial assets in the following measurement category: those to be measured subsequently at FVTPL.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows. For financial assets measured at fair value, gains and losses will be recorded in profit or loss. For investments in equity instruments that are not held for trading, this will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income ("FVTOCI"). The Company reclassifies financial assets when and only when its business model for managing those assets changes.

Debt investments are classified as financial assets at FVTPL as the Company's business model is not achieved by holding for collection of contractual cash flows neither by holding for collection of contractual cash flows and selling the financial assets. The contractual cash flows of these debt investments do not consist of solely principal and interest. The Company classified debt instruments as financial assets at FVTPL in the prior year, thus no reclassification was required.

The Company classifies its debt investments as financial assets at FVTPL on the basis that they are managed, and their performance is evaluated on a fair value basis in accordance with the Company's documented investment strategy. The Company's policy requires Management to evaluate the information about these financial assets on a fair value basis together with other related financial information. Reports which set out the fair value of the debt investments held by the Company are provided to Management and the ultimate owners of the Company on a quarterly basis.

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2020

2. Summary of significant accounting policies (continued)

2.3 Financial instruments designated at fair value (continued)

Interest bearing liabilities issued by the Company are closely related to the underlying investments designated at FVTPL. The Company classifies these financial liabilities at FVTPL to eliminate an accounting mismatch which would otherwise arise.

Assets and liabilities in this category are classified as current assets and current liabilities if they are expected to be realised within 12 months of the reporting date. Those not expected to be realised within 12 months of the reporting date are classified as non-current.

(b) Recognition, derecognition and measurement

Financial instruments classified at FVTPL are initially recognised at fair value. A financial asset or financial liability is recognised on the statement of financial position when the Company becomes a party to the contractual provisions of the instrument. Transaction costs are expensed as incurred in profit or loss.

A financial asset is derecognised when the right to receive cash flows from the asset has expired or the Company has transferred substantially all risks and rewards of ownership. A financial liability is derecognised when it is extinguished, that is when the obligation is discharged, cancelled or expired. This condition is met when the liability is settled by paying the creditor or when the Company is released from primary responsibility for the liability, either by process of law or by the creditor.

Subsequent to initial recognition, all financial instruments classified at FVTPL are measured at fair value. Gains and losses arising from changes in fair value of financial instruments at FVTPL are presented in profit or loss in the period in which they arise.

Interest receivable (payable) on loans designated at FVTPL is recognised in profit and loss as part of the net change in fair value of financial assets (liabilities) at FVTPL.

Interest and non-interest income received and interest paid are disclosed separately as part of financing income and finance costs respectively in profit and loss.

2.4 Financial instruments - valuation

A fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. An input is significant if that input can result in a significantly different fair value measurement. The fair value hierarchy ranks fair value measurements based on the type of inputs; it does not depend on the type of valuation techniques used.

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 inputs are unobservable inputs for the asset or liability.

2. Summary of significant accounting policies (continued)

2.4 Financial instruments - valuation (continued)

The determination of what constitutes "observable" requires significant judgement by the Company. The Company considers observable data to be market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market. In general, the inputs used to value financial instruments are unobservable; therefore unless indicated otherwise, investments and related liabilities are classified as Level 3 under IFRS guidance on fair value measurements.

Investments for which market quotations are not readily available are stated at estimated fair value as determined based on appraisal reports prepared by independent appraisers within a reasonable amount of time following acquisition of the investment and quarterly thereafter.

The purpose of an appraisal is to estimate fair value at a specific date. IFRS 13 defines fair value as the exit price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value estimate is based on conventional approaches to value, all of which require the exercise of subjective judgement. In general, the valuation technique used to measure fair value is the net present value of estimated future cash flows based on a discounted cash flow model.

Certain assumptions are employed in the valuation process that relate to the timing, duration, and amounts of future cash flows and the applicable discount rates. These factors have been determined to be reasonable and reflect current and projected market conditions.

Estimated fair values may vary significantly from the prices at which the real estate related investments would be sold, since market prices of investments can only be determined by negotiation between a willing buyer and seller. These variances are mitigated by the relationship existing between financial assets and financial liabilities designated at fair value though profit and loss. Although fair value estimates are subjective, Management believes they reasonably approximate market prices and the aggregate estimated value of investments and liabilities is fairly presented at the reporting date.

2.5 Derivative financial instruments

The Company uses derivatives to manage its exposure to foreign exchange rate risk. The over-the-counter derivatives are forward foreign exchange contracts between the Company and Standard Chartered Bank, as well as with Wells Fargo Bank. They are classified as financial instruments held for trading, are initially recognised at fair value on the date a derivative contract is entered into and are subsequently measured at fair value at each reporting date. Realised gains or losses are recognised in profit or loss immediately.

The fair value of a derivative is classified as a non-current asset or a non-current liability if the settlement date is more than 12 months from the reporting date and it is not expected to be realised or settled within 12 months of the reporting date. Note 12 contains details of the fair values of the derivative instruments used for hedging purposes.

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2020

2. Summary of significant accounting policies (continued)

2.6 Trade and other receivables

Trade and other receivables represent amounts due from third parties in the ordinary course of business. If collection is expected within one year they are classified as current assets; otherwise, they are presented as non-current assets.

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.

The Company's Trade and other receivables are subject to the expected credit loss model. The Company applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

The expected loss rates are based on the payment profiles of third party receivables over a period of 12 months before 31 December 2020 or 31 December 2019, respectively, and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the liability of the third parties to settle the receivable. Such forward-looking information would include:

- changes in economic, regulatory, technological and environmental factors, (such as industry outlook, GDP, employment and politics) and
- external market indicators.

Trade and other receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, among others, the probability of insolvency or significant financial difficulties of the debtor. Impaired debts are derecognised when they are assessed as uncollectible.

2.7 Cash and cash equivalents

Cash and cash equivalents include cash in hand, demand deposits and other short-term highly liquid investments with original maturities of three months or less and monies held in escrow on behalf of the Company pending completion of investments. Cash and cash equivalents are classified as loans and receivables. Cash at bank comprises balances with original maturity dates of less than 90 days.

2.8 Payables and accrued expenses

Payables and accrued expenses are recognised initially at fair value and subsequently stated at amortised cost. The difference between the proceeds and the amount payable is recognised over the period of the payable using the effective interest method.

2.9 Financing income

Financing income includes interest and exit fees received and arrangement fees earned by the Company. Arrangement fees earned on financial assets at FVTPL are recognised in the statement of comprehensive income on initial recognition. Arrangement fees are not refundable and include fees compensation for origination, underwriting and structuring financial assets designated at FVTPL.

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2020

2. Summary of significant accounting policies (continued)

2.10 Transaction costs

Transaction costs are legal and professional fees incurred in connection with the acquisition of financial assets and the issuance of financial liabilities designated at FVTPL. They include the upfront fees and commissions paid to agents, advisers, brokers and dealers and due diligence fees. Transaction costs, when incurred, are immediately recognised in profit and loss.

2.11 Finance costs

Finance costs include interest paid and fees incurred with relation to the Company's borrowings.

2.12 Current and deferred income tax

The tax expense for the period comprises current tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

Due to the Company's activities, it does not have temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

The Company is an ordinary corporate taxpayer under Luxembourg law. Corporations that are resident Luxembourg taxpayers are taxed on their world wide net income, determined on the basis of gross income less costs incurred. Certain items of income and capital gains are excluded from the calculation of income received for tax purposes, including income and capital gains from certain investments which meet certain holding periods and size requirements.

3. Financial risk management

3.1 Financial risk factors

The objective of the Company is to preserve and generate income from invested capital from investing in a debt instruments portfolio.

The Company's investment strategy is underpinned by a fundamental underwriting discipline: all investments are evaluated on the basis of a thorough analysis of real estate net asset values and property market fundamentals. It also includes an analysis of loan terms, borrower credit worthiness and legal issues. The Investment Manager of the Parent presents each investment proposal to the European Debt Investment Committee for approval (the "Investment Committee"). An investment opportunity will only be progressed if it is approved by the Investment Committee. The investment opportunity must be authorised by the Board prior to funding.

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2020

3. Financial risk management (continued)

3.1 Financial risk factors (continued)

Following funding of an investment, ongoing review procedures are followed which generally includes:

- Quarterly review meetings of the business plan with the borrower;

- Quarterly covenant compliance letters provided by the borrower;

- Quarterly valuation of the debt investment instruments;

- Annual valuation of the underlying real estate properties; and

- Quarterly reports prepared by the portfolio management team detailing loan-to-value ratio, interest and debt service coverage ratios, progress against business plan and any other material issues.

During the year, the Company held 23 debt instrument investments with debt used to finance real estate located in Europe, with focus on the UK and Germany. The maturity profile of the portfolio shortens over time and the debt attract annual coupons of between 4 and 12 per cent. The fair value estimates take into consideration potential prepayments and include contractual non-interest income receivable by the Company.

The Company's activities expose it to a variety of financial risks: market risk, credit risk, liquidity risk and exchange rate risk.

3.1.1 Market risk

The Company is subject to market risk due to fluctuations in the prevailing levels of market discount rates.

As at 31 December 2020, the exposure of the Group to this risk is limited, as well as its possible impact on the net assets of the Group.

The sensitivity analysis examines the impact of a 200 basis point movement in the discount rate on the fair value of financial instruments designated at fair value through profit or loss.

Sensitivity of fair values to reasonably possible alternative assumptions	Movement in discount rate			
	-2%	-1%	1%	2%
Adjusted fair value of financial assets	653,445,489	646,527,540	632,257,751	625,399,606
Adjusted fair value of financial liabilities	667,911,241	661,573,277	648,504,583	642,222,535
Change in net assets	1,188,867	608,882	(592,213)	(1,168,310)
Percentage change in net assets	56.22%	28.79%	(28.00)%	(55.24)%

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2020

3. Financial risk management (continued)

3.1 Financial risk factors (continued)

3.1.2 Credit risk

The Company has exposure to credit risk, which is the risk that one party will cause a financial loss for the other party by failing to discharge an obligation. The Company is exposed to the risk of non-payment by counterparties being the borrowers of the debt investments of the Company.

The Company provides loans which are represented as debt instruments. Management aims to structure debt investments to protect the Company's position, to reduce overall credit risk and to maximise recoveries in the event of default. The portfolio is secured by charges over real estate, share securities and bank accounts of the borrower entities and their affiliates.

3.1.3 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 table below categorises the Company's financial liabilities into by category relevant groupings based on the remaining period to maturity at the reporting date.

As at 31 December 2020	On demand £	Less than one year £	More than one year £	Total £
Financial liabilities at FVTPL	–	379,762,251	280,089,205	659,851,456
Amounts due to related parties	–	99,738	–	99,738
Accrued expenses	–	753,674	–	753,674
Trade and other payables	–	6,630,596	–	6,630,596
Current income tax liabilities	–	1,586	–	1,586
Total liabilities	**–**	**387,247,845**	**280,089,205**	**667,337,050**

As at 31 December 2019	On demand £	Less than one year £	More than one year £	Total £
Financial liabilities at FVTPL	–	437,722,572	268,793,279	706,515,851
Amounts due to related parties	–	64,319	–	64,319
Accrued expenses	–	483,785	–	483,785
Current income tax liabilities	–	499,199	–	499,199
Trade and other payables	–	782,477	–	782,477
Total liabilities	**–**	**439,552,352**	**268,793,279**	**708,345,631**

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2020

3. Financial risk management (continued)

3.1 Financial risk factors (continued)

3.1.4 Exchange rate risk

The Company's net asset value is affected by changes in the EUR/GBP exchange rate. At the reporting date, the Group held 12 Euros denominated investments with a nominal value of €332,069,953. The table below illustrates the sensitivity of the net asset value to changes in the EUR/GBP exchange rate.

Change in EUR:GBP	Impact on fair values of derivatives	Increase / (decrease) in fair values of financial assets	Increase / (decrease) in fair values of financial liabilities	Adjustment to NAV
			£	£
25%	74,597,738	(80,905,704)	7,841,280	1,533,314
20%	59,678,190	(64,724,563)	6,273,024	1,226,651
15%	44,758,643	(48,543,422)	4,704,768	919,989
10%	29,839,095	(32,362,281)	3,136,512	613,326
5%	14,919,548	(16,181,141)	1,568,256	306,663
-5%	(14,919,548)	16,181,141	(1,568,256)	(306,663)
-10%	(29,839,095)	32,362,281	(3,136,512)	(613,326)
-15%	(44,758,643)	48,543,422	(4,704,768)	(919,989)
-20%	(59,678,190)	64,724,563	(6,273,024)	(1,226,651)
-25%	(74,597,738)	80,905,704	(7,841,280)	(1,533,314)

3.2 Capital risk management

The capital of the Company is represented by the total equity. The Company's objective when managing the capital is to safeguard its ability to continue as a going concern in order to provide returns for owners and benefits for other stakeholders and to maintain a strong capital base to support the development of the investment activities of the Company.

3.3 Fair value estimation

The table below classifies within the fair value hierarchy, the Company's financial assets and financial liabilities (by class) measured at fair value as at 31 December 2020.

	Level 1	Level 2	Level 3	Total
	£	£	£	£
Assets				
Financial assets designated at FVTPL				
- Investment in debt instruments	–	–	639,298,342	639,298,342
Financial assets held for trading				
- Derivatives	–	4,008,245	–	4,008,245
Total assets measured at fair value	**–**	**4,008,245**	**639,298,342**	**643,306,587**

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2020

3. Financial risk management (continued)

3.3 Fair value estimation (continued)

	Level 1 £	Level 2 £	Level 3 £	Total £
Liabilities				
Financial liabilities designated at FVTPL				
- Multicurrency revolving facility line	–	–	73,914,927	73,914,927
- Tracking bonds	–	–	581,038,036	581,038,036
Financial liabilities held for trading				
- Derivatives	–	4,898,493	–	4,898,493
Total liabilities measured at fair value	**–**	**4,898,493**	**654,952,963**	**659,851,456**

The table below classifies within the fair value hierarchy, the Company's financial assets and financial liabilities (by class) measured at fair value as at 31 December 2019.

	Level 1 £	Level 2 £	Level 3 £	Total £
Assets				
Financial assets designated at FVTPL				
- Investment in debt instruments	–	–	694,064,884	694,064,884
Financial assets held for trading				
- Derivatives	–	9,342,739	–	9,342,739
Total assets measured at fair value	**–**	**9,342,739**	**694,064,884**	**703,407,623**

	Level 1 £	Level 2 £	Level 3 £	Total £
Liabilities				
Financial liabilities designated at FVTPL				
- Multicurrency revolving facility line	–	–	194,720,833	194,720,833
- Tracking bonds	–	–	511,793,739	511,793,739
Financial liabilities held for trading				
- Derivatives	–	1,282	–	1,282
Total liabilities measured at fair value	**–**	**1,282**	**706,514,572**	**706,515,854**

There were no transfers between the various levels of the fair value hierarchy during the years ended 31 December 2020 and 2019.

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2020

3. Financial risk management (continued)

3.4 Financial instruments by category

	IFRS 9 measurement category		
Assets by category as at 31 December 2020	**Amortised cost £**	**FVTPL £**	**Total £**
Financial assets at FVTPL	–	643,306,587	643,306,587
Trade and other receivables	78,319	–	78,319
Amounts due from related parties	129,318	–	129,318
Cash and cash equivalents	25,937,638	–	25,937,638
Total	**26,145,275**	**643,306,587**	**669,451,862**

	IFRS 9 measurement category		
Assets by category as at 31 December 2019	**Amortised cost £**	**FVTPL £**	**Total £**
Financial assets at FVTPL	–	703,407,623	703,407,623
Trade and other receivables	102,891	–	102,891
Amounts due from related parties	44,777	–	44,777
Cash and cash equivalents	5,420,158	–	5,420,158
Total	**5,567,826**	**703,407,623**	**708,975,449**

	IFRS 9 measurement category		
Liabilities by category as at 31 December 2020	**Amortised cost £**	**FVTPL £**	**Total £**
Financial liabilities at FVTPL	–	659,851,456	659,851,456
Amounts due to related parties	99,738	–	99,738
Accrued expenses	753,674	–	753,674
Trade and other payables	6,630,596	–	6,630,596
Current income tax liabilities	1,586	–	1,586
Total	**7,485,594**	**659,851,456**	**667,337,050**

	IFRS 9 measurement category		
Liabilities by category as at 31 December 2019	**Amortised cost £**	**FVTPL £**	**Total £**
Financial liabilities at FVTPL	–	706,515,851	706,515,851
Amounts due to related parties	64,319	–	64,319
Accrued expenses	483,785	–	483,785
Current income tax liabilities	499,199	–	499,199
Trade and other payables	782,477	–	782,477
Total	**1,829,780**	**706,515,851**	**708,345,631**

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2020

3. Financial risk management (continued)

3.5 Key unobservable inputs to Level 3 financial instruments

The table below presents information about the significant unobservable inputs used in the fair value measurement of Level 3 instruments for the years ended 31 December 2020 and 2019. Significant changes in any of those inputs in isolation would result in a significant change in fair value measurement.

31 December 2020	**Fair value**	**Unobservable input**	**Range**
	£		**%**
Profit participating loans	452,480,872	Discount rate	5% - 25%
Non-profit participating loans	186,817,470	Discount rate	8% - 25%
Multicurrency revolving facility line	73,914,927	Discount rate	1.55% - 1.57%
Tracking Bonds	581,038,036	Discount rate	5% - 25%

31 December 2019	**Fair value**	**Unobservable input**	**Range**
	£		**%**
Profit participating loans	616,506,524	Discount rate	8% - 25%
Non-profit participating loans	77,558,360	Discount rate	5% - 25%
Multicurrency revolving facility line	194,720,833	Discount rate	1.55% - 2.81%
Tracking Bonds	511,793,739	Discount rate	5.0%-25.0%

4. Financing income

	Year ended 31 December 2020	**Year ended 31 December 2019**
	£	**£**
Interest income	27,609,275	27,313,508
Exit fees	4,847,806	9,204,081
Non-utilised loan fees	714,517	925,267
Arrangement fees	221,155	2,675,035
Total financing income	**33,392,753**	**40,117,891**

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2020

5. Other income

	Year ended 31 December 2020 £	Year ended 31 December 2019 £
Unrealised foreign exchange	1,594,784	303,211
Realised foreign exchange	(545,245)	467,564
Bank interest	8,121	973
Total other income	**1,057,660**	**771,748**

6. Transaction costs

	Year ended 31 December 2020 £	Year ended 31 December 2019 £
Valuation fees	610,910	32,707
Abort fees	189,738	39,940
Legal fees	57,191	147,950
Consulting fees	36,420	–
Total transaction costs	**894,259**	**220,597**

7. Net change in fair value of financial assets at fair value though profit or loss

	Year ended 31 December 2020 £	Year ended 31 December 2019 £
Financial assets designated at FVTPL (Note 11)	(18,261,933)	10,272,839
Financial assets held for trading (Note 11)	(2,296,329)	9,721,212
Net change in fair value of financial assets at FVTPL	**(20,558,262)**	**19,994,051**
Realised loss	(2,776,273)	(15,330,944)
Unrealised (loss)/gain	(17,781,989)	35,324,995
Net change in fair value of financial assets at FVTPL	**(20,558,262)**	**19,994,051**

Financial assets held for trading represent unrealised fair value results on derivatives.

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2020

8. Net change in fair value of financial liabilities at fair value though profit or loss

	Year ended 31 December 2020 £	Year ended 31 December 2019 £
Financial liabilities designated at FVTPL (Note 20)	9,471,254	(20,062,264)
Financial liabilities held for trading (Note 20)	(8,189,224)	142,371
Net change in fair value of financial liabilities at FVTPL	**1,282,030**	**(19,919,893)**
Realised (loss)/gain	(5,028,432)	16,029,625
Unrealised gain/(loss)	6,310,462	(35,949,518)
Net change in fair value of financial liabilities at FVTPL	**1,282,030**	**(19,919,893)**

9. Other operating expenses

	Year ended 31 December 2020 £	Year ended 31 December 2019 £
Accounting fees	396,026	–
Valuation fees	382,242	347,953
Loan management fees	259,546	365,594
Legal fees	187,477	176,984
Consulting fees	162,620	26,460
Audit fees	150,092	111,421
Administration fees	127,625	56,155
Bank charges	51,029	33,647
Corporate services fees	14,067	9,531
Professional tax fees	3,993	8,920
Other general expenses	3,829	–
Unrealised foreign exchange loss	–	(224,032)
Total other operating expenses	**1,738,546**	**912,633**

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2020

10. Finance costs

	Year ended 31 December 2020 £	Year ended 31 December 2019 £
Asset linked loan interest paid	7,531,185	35,607,910
Multicurrency revolving facility interest paid	2,191,595	2,559,259
Multicurrency revolving facility line arrangement fee	430,822	400,000
Multicurrency revolving facility line unused commitment fees	122,619	189,766
Total finance costs	**10,276,221**	**38,756,935**

11. Financial assets at fair value through profit or loss

	31 December 2020 £	31 December 2019 £
Opening balance	703,407,623	527,688,850
Debt instruments additions during the year	92,403,540	391,958,225
Repayments of debt instruments during the year	(128,908,149)	(235,851,686)
Net change in fair value of financial assets at FVTPL (Note 7)	(20,558,262)	19,994,051
Less: Realised gain on financial assets held for trading	(3,038,165)	(381,817)
Closing balance	**643,306,587**	**703,407,623**
Financial assets designated at FVTPL	639,298,342	694,064,884
Financial assets held for trading	4,008,245	9,342,739
Total financial assets at FVTPL	**643,306,587**	**703,407,623**
Becoming due and receivable within one year		
- Current interest receivable	72,141,600	44,482,395
- Debt instruments	266,176,910	286,330,648
Total becoming due and receivable within one year	**338,318,510**	**330,813,043**
Becoming due and receivable after more than one year		
- Non-current interest receivable	162,647,675	57,999,846
- Debt instruments	142,340,402	314,594,734
Total becoming due and receivable after more than one year	**304,988,077**	**372,594,580**

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2020

11. Financial assets at fair value through profit or loss (continued)

Net change in fair value of financial assets at FVTPL

	Year ended 31 December 2020 £	Year ended 31 December 2019 £
Realised loss	(2,776,273)	(15,330,944)
Unrealised (loss)/gain	(17,781,989)	35,324,995
Net change in fair value of financial assets at FVTPL	**(20,558,262)**	**19,994,051**

The classification of financial assets at FVTPL into current and non-current components is based on Management's assessment of the likelihood of an early loan repayment by the borrower. This is a key feature of the fair value measurement which considers changes in the discount rate since inception and contractual prepayment provisions to estimate the likely exit date of the investment which may or may not be the same as the contractual termination date.

(a) Financial assets designated at FVTPL

	31 December 2020 £	31 December 2019 £
Opening balance	694,064,884	527,685,506
Investment during the year	92,403,540	391,958,225
Repayments of debt instruments during the year	(128,908,149)	(235,851,686)
Net change in fair value of financial assets designated at FVTPL (Note 7)	(18,261,933)	10,272,839
Closing balance	**639,298,342**	**694,064,884**

Net change in fair value of financial assets designated at FVTPL

	Year ended 31 December 2020 £	Year ended 31 December 2019 £
Realised loss	(8,016,400)	(15,712,761)
Unrealised (loss)/gain	(10,245,533)	25,985,600
Net change in fair value of financial assets designated at FVTPL	**(18,261,933)**	**10,272,839**

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2020

11. Financial assets at fair value through profit or loss (continued)

(b) Financial assets held for trading

Financial assets at FVTPL include unrealised gains on derivatives classified as held for trading and discounted future cash flows expected to be generated by the debt instrument investments held by the Company.

	31 December 2020 £	31 December 2019 £
Opening balance	9,342,739	3,344
Net change in fair value of financial assets held for trading (Note 7)	(2,296,329)	9,721,212
Less: Realised gain on settlement of forward foreign exchange contracts	(3,038,165)	(381,817)
Closing balance	**4,008,245**	**9,342,739**

Net change in fair value of financial assets held for trading

	Year ended 31 December 2020 £	Year ended 31 December 2019 £
Realised gain	3,038,165	381,817
Unrealised (loss)/gain	(5,334,494)	9,339,395
Net change in fair value of financial assets held for trading	**(2,296,329)**	**9,721,212**

12. Derivative financial instruments

To mitigate foreign exchange rate risk, the Company enters into a number of GBP/EUR forward foreign exchange contracts. The notional amount of the outstanding foreign currency contracts as at 31 December 2020 was €332,069,953 (2019: €216,226,169). Net unrealised losses on the outstanding forward foreign currency contracts as at 31 December 2020 totalled £890,248 (2019 - gains £9,341,457). Dates and rate ranges are detailed in the table below.

Ranges:	**From**	**To**
Trade date	14-Aug-2019	16-Dec-2020
Settlement date	31-Mar-2021	27-Jan-2022
Trade rate	0.861050	0.946300
Current rate	0.895562	0.900171

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2020

13. Cash and cash equivalents

	31 December 2020 £	31 December 2019 £
Cash at bank	25,937,638	5,420,158
Total cash and cash equivalents	**25,937,638**	**5,420,158**

14. Trade and other receivables

	31 December 2020 £	31 December 2019 £
Other receivables	78,319	102,891
Total trade and other receivables	**78,319**	**102,891**

15. Amounts due from related parties

	31 December 2020 £	31 December 2019 £
Pramerica Real Estate Capital VI, L.P.	81,469	44,777
PDC UK 13 S.à. r.l.	47,849	–
Total amounts due from related parties	**129,318**	**44,777**

16. Amounts due to related parties

	31 December 2020 £	31 December 2019 £
Pramerica Real Estate Capital VI, L.P.	99,738	64,319
Total amounts due to related parties	**99,738**	**64,319**

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2020

17. Accrued expenses

	31 December 2020 £	31 December 2019 £
Corporate services fees	409,179	12,708
Loan servicing fees	226,327	109,549
Audit fees	100,508	122,193
Professional tax fees	15,600	12,416
Finance costs	2,060	–
Valuation fees	–	226,919
Total accrued expenses	**753,674**	**483,785**

18. Trade and other payables

	31 December 2020 £	31 December 2019 £
Other creditors	6,611,869	649,387
VAT payable	18,727	133,090
Total trade and other payables	**6,630,596**	**782,477**

Other creditors relates to cash held to pay costs on behalf of the borrowers.

VAT payable relates to reverse charge VAT owed to the Luxembourg Tax Authority.

19. Current Income tax

	31 December 2020 £	31 December 2019 £
Opening balance	499,199	261,891
Income tax charge for the year	780,161	285,726
Income tax paid during the year	(1,277,774)	(48,418)
Closing balance	**1,586**	**499,199**

Income tax charged for the year includes £11,833 (2019: £4,815) of net wealth tax and £768,328 (2019: £280,911) of corporate income tax.

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2020

19. Current Income tax (continued)

The tax on the Company's profit before tax differs from the theoretical amount that would arise using the weighted average tax rate on the applicable profits of the Company as follows:

	Year ended 31 December 2020 £	Year ended 31 December 2019 £
Profit before tax	2,265,155	1,073,632
Tax charge calculated at domestic tax rates applicable to profits arising in Luxembourg	540,002	247,313
Tax effect of:		
Financing income/finance costs	(2,284,503)	61,533
Net changes in fair value of financial assets/financial liabilities	2,089,931	(27,935)
Tax charge	**345,430**	**280,911**

The weighted average applicable tax rate was 24.94% (2019 - 24.94%).

20. Financial liabilities at fair value through profit or loss

	31 December 2020 £	31 December 2019 £
Opening balance	706,515,851	529,259,712
Loans drawn during the year	165,460,499	712,839,798
Loans repaid during the year	(207,550,851)	(555,504,091)
Net change in fair value of financial liabilities at FVTPL (Note 8)	(1,282,030)	19,919,893
Less: Realised (loss)/gain on financial liability held for trading	(3,292,013)	539
Closing balance	**659,851,456**	**706,515,851**
Financial liabilities designated at FVTPL	654,952,963	706,514,569
Financial liabilities held for trading	4,898,493	1,282
Total financial liabilities at FVTPL	**659,851,456**	**706,515,851**
Becoming due and payable within one year	**379,762,251**	**437,722,572**
Becoming due after more than one year	**280,089,205**	**268,793,279**

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2020

20. Financial liabilities at fair value through profit or loss (continued)

Net change in fair value of financial liabilities at FVTPL

	Year ended 31 December 2020 £	Year ended 31 December 2019 £
Realised loss/(gain)	5,028,432	(16,029,625)
Unrealised (gain)/loss	(6,310,462)	35,949,518
Net change in fair value of financial liabilities at FVTPL	**(1,282,030)**	**19,919,893**

Financial liabilities at FVTPL include discounted future cash outflows expected to be disbursed with respect to the Company's borrowings and unrealised losses on foreign currency forward contracts.

(a) Financial liabilities held for trading

	31 December 2020 £	31 December 2019 £
Opening balance	1,282	143,114
Net change in fair value of financial liabilities held for trading (Note 8)	8,189,224	(142,371)
Less: Realised (loss)/gain on settlement of forward foreign exchange contracts	(3,292,013)	539
Closing balance	**4,898,493**	**1,282**
Becoming due and payable within one year	**1,465,918**	**1,282**
Becoming due and payable after more than one year	**3,432,575**	**–**

Net change in fair value of financial liabilities held for trading

	Year ended 31 December 2020 £	Year ended 31 December 2019 £
Realised loss/(gain)	3,292,013	(539)
Unrealised loss/(gain)	4,897,211	(141,832)
Net change in fair value of financial liabilities held for trading	**8,189,224**	**(142,371)**

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2020

20. Financial liabilities at fair value through profit or loss (continued)

(b) Tracking bonds

During the year, the Company issued bonds (the "Tracking Bonds") with an issue price of £149,514,427 to the Parent (the "Bondholder"). The Board has authorised the issue of up to £1 billion of Tracking Bonds to the Bondholder. The Tracking Bonds represent a securitised loan facility and are issued for the purpose of acquiring the portfolio and paying any taxes and operational expenses in relation to the portfolio. The value or return of the Tracking Bonds will depend on the value or performance of the investment portfolio held by the Company. The Tracking Bonds mature on 2036 and are measured at fair value.

Interest charged on the loan comprises a fixed and a variable component. Fixed interest is charged at 0.50% per annum on the outstanding principal amount of the loan. Variable interest is equal to the positive amount resulting from the sum of all income and gains arising from the portfolio for the relevant period less the expenses incurred, realised losses and a taxable margin. Interest paid during the year ended 31 December 2020 amounts to £6,545,035 (2019: £35,607,910) (Note 10).

	31 December 2020 £	31 December 2019 £
Opening balance	511,793,739	373,071,672
Loans drawn during the year	96,476,840	297,273,975
Loans repaid during the year	(10,155,884)	(183,019,769)
Net change in fair value of tracking bonds (Note 8)	(17,076,659)	24,467,861
Closing balance	**581,038,036**	**511,793,739**
Becoming due and payable within one year	**304,381,406**	**243,000,460**
Becoming due and payable after more than one year	**276,656,630**	**268,793,279**

Net change in fair value of tracking bonds

	Year ended 31 December 2020 £	Year ended 31 December 2019 £
Realised gain	–	(15,712,761)
Unrealised (gain)/loss	(17,076,659)	40,180,622
Net change in fair value of tracking bonds	**(17,076,659)**	**24,467,861**

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2020

20. Financial liabilities at fair value through profit or loss (continued)

(c) Multicurrency revolving

On 8 March 2016, the Group entered into a £75,000,000 multicurrency revolving facility line with Wells Fargo Bank. Draws on the facility will be priced at LIBOR EURIBOR plus 155bps. On 8 August 2016, the facility was increased to £82,500,000, with a further increase on 27 September 2017 to £200,000,000. On the 7 October 2020, the facility reduced to £75,000,000 with a stated maturity date of 30 March 2022. As at 31 December 2020, amounts of £42,525,858 (2019 - £36,206,958) and €35,041,109 (2019 - €186,839,261) were drawn on the subscription line.

	31 December 2020 £	31 December 2019 £
Opening balance	194,720,833	156,044,929
Loans drawn during the year	68,983,659	415,565,823
Loans repaid during the year	(197,394,967)	(372,484,322)
Net change in fair value of multicurrency facility (Note 8)	7,605,402	(4,405,597)
Closing balance	**73,914,927**	**194,720,833**
Becoming due and payable within one year	**73,914,927**	**194,720,833**

Net change in fair value of multicurrency facility

	Year ended 31 December 2020 £	Year ended 31 December 2019 £
Realised loss/(gain)	1,736,419	(316,325)
Unrealised loss/(gain)	5,868,983	(4,089,272)
Net change in fair value of multicurrency facility	**7,605,402**	**(4,405,597)**

21. Share Capital

The subscribed and authorised capital amounts to £12,500, represented by 12,500 shares fully paid-up with a nominal value of one GBP Sterling (£1) each. The Parent owns 100% of the shares in the Company.

22. Legal Reserve

In accordance with Luxembourg law, the Company is required to allocate a minimum of 5% of its annual net income to a legal reserve, until this reserve equals 10% of the subscribed share capital. This reserve may not be distributed.

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2020

23. Commitments and contingencies

In the ordinary course of business there can be various legal actions brought against the Company. As at 31 December 2020, the Board of Managers was not aware of any such matter that would have a material effect on the Company's financial condition or results of operations.

As at 31 December 2020, the Group had unfunded loan commitments of £10,369,028 and €32,348,855 (2019 - £27,691,166 and €72,491,784).

24. Related Parties

Transactions carried out or balances outstanding with related parties are set out in Notes 15 and 16.

25. Subsequent events

There are no significant subsequent events that would require disclosure in the financial statements.