

RESONANCE WATER FINANCE UK LIMITED

(the "Company")

Annual Report and Audited Financial Statements

For the year ended 31 December 2020

Registration number: 10897212

RESONANCE WATER FINANCE UK LIMITED

Contents

	Page
Administration	2
Report of the Directors	3 to 4
Independent Auditor's Report	5 to 7
Statement of Income and Retained Earnings	8
Statement of Financial Position	9
Notes to the Financial Statements	10 to 19

RESONANCE WATER FINANCE UK LIMITED

Administration

Directors:	Nicholas Wood Lydia Whyatt
Registered Office:	(Up to 6 August 2020) 1 Tudor Street London EC4Y 0AH (From 7 August 2020) C/O TMF Group 8th Floor 20 Farringdon Street London EC4A 4AB
Administrator and Secretary:	TMF Group Fund Services (Guernsey) Limited (Formerly TMF Group Fund Services Limited) Western Suite, Ground Floor Mill Court La Charroterie St Peter Port Guernsey GY1 1EJ
Independent Auditor:	KPMG Channel Islands Limited Gategny Court Gategny Esplanade St Peter Port Guernsey GY1 1WR
Legal Advisor:	Simmons & Simmons LLP CityPoint 1 Ropemaker Street London EC2Y 9SS

RESONANCE WATER FINANCE UK LIMITED

Report of the Directors

The directors submit their report and the audited financial statements for the year ended 31 December 2020. The directors of the Company who served during the year are set out on page 2.

Principal activities

The Company was formed to hold a portfolio of investments which may include purpose built containers or buildings that house the equipment (the "Water Assets"), operated under long term outsourcing agreements with clients in the process industries.

Going Concern

The Company is loss making and the Statement of Financial Position is in a net liability position, however the directors believe that the Company's financial statements should be prepared on a going concern basis on the grounds that the current and future sources of funding or support will be more than adequate for the Company's needs. In the event that additional funds are needed to support the Company, the directors would seek to procure and are confident that they would be able to secure any necessary funding from the parent company. The Directors have considered a period of twelve months from the date of approval of the financial statements considering all reasonable fluctuations in the forecast assumptions and currently forecast that the Company has the ability to continue as a going concern and is commercial on a long term basis.

Impact of Covid-19 on Going Concern

The coronavirus outbreak in 2020 ("COVID-19") is impacting the global economy and the market environment.

At the date of signing this report, COVID-19 continues to have a significant impact on the global economy and as a result the final impact of COVID-19 on the company's trading activities is hard to predict. Therefore the directors consider that an estimate of the financial impact cannot be made. The directors continue to monitor and follow closely the information released from governments, regulatory bodies and health organisations in the countries in which the company operates. The directors have made an assessment of going concern for a period of 12 months from the date of approval of the financial statements, taking into account both the Company's current performance and outlook, considering the impact of the COVID-19 pandemic, using information available to the date of issue of these financial statements. As part of this assessment the directors considered:

- An analysis of the Company's liquidity; and
- Any potential concerns with respect to the carrying value of the Company's assets as set out in the financial statements.

A key focus at 31 December 2020 was an assessment of the impact of the COVID-19 pandemic on the Company, considering the performance before the outbreak of COVID-19, as well as the projected short-term impact on the ability to generate cash flows and the longer-term view of their ability to recover.

Provision of information to auditor

Each of the persons who are directors at the time when this Report of the Directors is approved has confirmed that:

- so far as they are aware, there is no relevant audit information of which the Company's auditor is unaware; and
- they have taken all the steps that they ought to have taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Statement of directors' responsibilities in respect of the Report of the Directors and the financial statements

The directors are responsible for preparing the Report of the Directors and the financial statements in accordance with applicable law and regulations.

RESONANCE WATER FINANCE UK LIMITED

Report of the Directors (continued)

Statement of directors' responsibilities in respect of the Report of the Directors and the financial statements (continued)

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with applicable law and Section 1A of FRS 102 "*The Financial Reporting Standard applicable in the UK and Republic of Ireland*" (UK Generally Accepted Accounting Practice applicable to Smaller Entities).

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing 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;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are 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, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Independent Auditor

The auditor, KPMG Channel Islands Limited, is deemed to have been re-appointed in accordance with section 487 of the Companies Act 2006.

Small Company provisions

This report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption.

This report was approved by the Board of Directors on 30 September 2021 and signed on behalf of the board by:



Nicholas Wood
Director

RESONANCE WATER FINANCE UK LIMITED

Independent Auditor's Report to the Member of Resonance Water Finance UK Limited

Our opinion

We have audited the financial statements of Resonance Water Finance UK Limited (the "Company"), which comprise the Statement of Financial Position as at 31 December 2020, the Statement of Income and Retained Earnings for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2020 and of the Company's loss for the year then ended;
- are properly prepared in accordance with United Kingdom accounting standards, including Section 1A of FRS 102 The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the Company in accordance with, UK ethical requirements including FRC Ethical Standards. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Company or to cease its operations, and as they have concluded that the Company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements (the "going concern period").

In our evaluation of the directors' conclusions, we considered the inherent risks to the Company's business model and analysed how those risks might affect the Company's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate; and
- we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Company will continue in operation.

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- enquiring of management as to the Company's policies and procedures to prevent and detect fraud as well as enquiring whether management have knowledge of any actual, suspected or alleged fraud;
- reading minutes of meetings of those charged with governance; and
- using analytical procedures to identify any unusual or unexpected relationships.

RESONANCE WATER FINANCE UK LIMITED

Independent Auditor's Report to the Member of Resonance Water Finance UK Limited (continued)

Fraud and breaches of laws and regulations – ability to detect (continued)

Identifying and responding to risks of material misstatement due to fraud (continued)

As required by auditing standards, we perform procedures to address the risk of management override of controls, in particular the risk that management may be in a position to make inappropriate accounting entries. On this audit we do not believe there is a fraud risk related to revenue recognition because the Company's revenue streams are simple in nature with respect to accounting policy choice, and are easily verifiable to external data sources or agreements with little or no requirement for estimation from management. We did not identify any additional fraud risks.

We performed procedures including

- Identifying journal entries and other adjustments to test based on risk criteria and comparing any identified entries to supporting documentation; and
- incorporating an element of unpredictability in our audit procedures.

Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience and through discussion with management (as required by auditing standards), and discussed with management the policies and procedures regarding compliance with laws and regulations.

The Company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

The Company is subject to other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of litigation or impacts on the Company's ability to operate. We identified company law as being the area most likely to have such an effect. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of management and inspection of regulatory and legal correspondence, if any. Therefore if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remains a higher risk of non-detection of fraud, as this may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

The report of the directors

The directors are responsible for the report of the directors. Our opinion on the financial statements does not cover that report and we do not express an audit opinion thereon.

Our responsibility is to read the report of the directors and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the report of the directors;
- in our opinion the information given in that report for the financial year is consistent with the financial statements; and
- in our opinion that report has been prepared in accordance with the Companies Act 2006.

RESONANCE WATER FINANCE UK LIMITED

Independent Auditor's Report to the Member of Resonance Water Finance UK Limited (continued)

Matters on which we are required to report by exception

Under the Companies Act 2006, we are required to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime, take advantage of the small companies exemption in preparing the directors' report and take advantage of the small companies exemption from the requirement to prepare a strategic report

We have nothing to report in these respects.

Respective responsibilities

Directors' responsibilities

As explained more fully in their statement set out on pages 3 and 4, the directors are responsible for: the preparation of the financial statements including being satisfied that they give a true and fair view; 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; 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 they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

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



Rachid Frihmat (Senior Statutory Auditor)

For and on behalf of KPMG Channel Islands Limited (Statutory Auditor)

Chartered Accountants

Guernsey

30 September 2021

RESONANCE WATER FINANCE UK LIMITED

Statement of Income and Retained Earnings

For the year ended 31 December 2020

	Notes	2020 Euro	2019 Euro
Turnover		1,507,184	616,002
Unrealised foreign exchange loss	4	631,889	(93,559)
Administrative expenses	4	(70,998)	(113,039)
Operating profit		2,068,075	409,404
Unrealised (loss) / profit on revaluation of investments	6	(5,044,079)	545,785
Interest payable and similar charges	10	(1,668,252)	(1,080,284)
Loss on ordinary activities before taxation		(4,644,256)	(125,095)
Tax on loss on ordinary activities		-	-
Loss for the financial year and total comprehensive income		(4,644,256)	(125,095)
Retained losses at the start of the year		(144,157)	(19,062)
Retained losses at the end of the year		(4,788,413)	(144,157)

The above results are all in respect of continuing operations.

All recognised gains and losses in the current year are included in the Statement of Income and Retained Earnings.

The accompanying notes on pages 10 to 19 form an integral part of the financial statements.

RESONANCE WATER FINANCE UK LIMITED

Statement of Financial Position

As at 31 December 2020

	Notes	2020 Euro	2019 Euro
Non-Current Assets			
Investments	6	23,649,203	21,490,568
Current Assets			
Investments	6	1,585,089	1,585,089
Debtors	8	641,834	331,321
Cash at bank and in hand		2,439,490	4,388
		<u>4,666,413</u>	<u>1,920,798</u>
Creditors - amounts falling due within one year			
Creditors	9	(435,111)	(327,362)
		<u>(435,111)</u>	<u>(327,362)</u>
Net Current Assets		4,231,302	1,593,436
Creditors - amounts falling due after more than one year			
Loan notes	10	(32,668,917)	(23,228,160)
		<u>(32,668,917)</u>	<u>(23,228,160)</u>
Non-Current Liabilities		(32,668,917)	(23,228,160)
Net Liabilities		<u>(4,788,412)</u>	<u>(144,156)</u>
Capital and Reserves			
Called up share capital	11	1	1
Retained earnings		(4,788,413)	(144,157)
Shareholders' Funds		<u>(4,788,412)</u>	<u>(144,156)</u>

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime and in accordance with FRS 102 Section 1A - Small Entities.

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 30 September 2021 by:



Nicholas Wood
Director

The accompanying notes on pages 10 to 19 form an integral part of the financial statements.

RESONANCE WATER FINANCE UK LIMITED

Notes to the Financial Statements

For the year ended 31 December 2020

1. General Information

The Company is a private company, limited by shares, registered in England and Wales. The registered office was 1 Tudor Street, London, England, EC4Y 0AH, up to 6 August 2020. From 7 August 2020, the registered office is C/O TMF Group, 8th Floor, 20 Farringdon Street, London, EC4A 4AB. Registration number: 10897212.

2. Statement of Compliance

The accounts have been prepared in accordance with the provisions of Section 1A of FRS 102, *'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland'* ("FRS 102 Section 1A").

3. Accounting policies

3.1. Basis of preparation of financial statements

These financial statements for the year ended 31 December 2020 have been prepared in accordance with FRS 102 Section 1A small entities.

The financial statements have been prepared on the historical cost basis, as modified by the revaluation of certain financial assets and liabilities.

The financial statements are prepared in Euro, which is the functional currency of the entity.

3.2. Going concern

The Company is loss making and the Statement of Financial Position is in a net liability position, however the directors believe that the Company's financial statements should be prepared on a going concern basis on the grounds that the current and future sources of funding or support will be more than adequate for the Company's needs. In the event that additional funds are needed to support the Company, the directors would seek to procure and are confident that they would be able to secure any necessary funding from the parent company. The Directors have considered a period of twelve months from the date of approval of the financial statements considering all reasonable fluctuations in the forecast assumptions and currently forecast that the Company has the ability to continue as a going concern and is commercial on a long term basis.

Impact of Covid-19 on Going Concern

The coronavirus outbreak in 2020 ("COVID-19") is impacting the global economy and the market environment.

At the date of signing this report, COVID-19 continues to have a significant impact on the global economy and as a result the final impact of COVID-19 on the company's trading activities is hard to predict. Therefore the directors consider that an estimate of the financial impact cannot be made. The directors continue to monitor and follow closely the information released from governments, regulatory bodies and health organisations in the countries in which the company operates. The directors have made an assessment of going concern for a period of 12 months from the date of approval of the financial statements, taking into account both the Company's current performance and outlook, considering the impact of the COVID-19 pandemic, using information available to the date of issue of these financial statements. As part of this assessment the directors considered:

- An analysis of the Company's liquidity; and
- Any potential concerns with respect to the carrying value of the Company's assets as set out in the financial statements.

A key focus at 31 December 2020 was an assessment of the impact of the COVID-19 pandemic on the Company, considering the performance before the outbreak of COVID-19, as well as the projected short-term impact on the ability to generate cash flows and the longer-term view of their ability to recover.

3.3. Critical accounting judgements, estimates and assumptions

In preparing these financial statements in conformity with FRS 102 Section 1A, the directors have made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

RESONANCE WATER FINANCE UK LIMITED

Notes to the Financial Statements (continued)

For the year ended 31 December 2020

3. Accounting policies (continued)

3.3. Critical accounting judgements, estimates and assumptions (continued)

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

a. Judgements

(i) Determination of functional currency

Functional currency is the currency of the primary economic environment in which the Company operates. If indicators of the primary economic environment are mixed, then management uses its judgement to determine the functional currency that most faithfully represents the economic effect of the underlying transactions, events and conditions. The majority of the Company's transactions are denominated in Euro. Shareholders' contributions and distributions are also received and paid in Euro. Accordingly, the directors have determined that the functional currency of the Company is Euro.

b. Estimates and assumptions

(i) Measurement of fair values

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the year ending 31 December 2020 is included in Note 6 and relates to the determination of fair value of investments and financial instruments using valuation techniques.

There are no other material estimates and assumptions included in the financial statements.

3.4. Consolidation

The Company holds interests in subsidiary investments as part of an investment portfolio in accordance with Section 9 of FRS 102. Accordingly, the Company has not presented consolidated financial statements.

3.5. Turnover

Turnover comprises interest on loan financing provided to investee companies and is recognised on an effective interest rate (EIR) basis.

3.6. Interest receivable and similar income

Bank interest and similar income, are accounted for on an EIR basis.

3.7. Interest payable

Interest payable is recognised on an accruals basis.

3.8. Taxation

The taxation expense represents the aggregate amount of current and deferred tax recognised in the reporting period. Tax is recognised in statement of income and retained earnings, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, tax is recognised in other comprehensive income or directly in equity, respectively.

Current tax is recognised on taxable profit for the current and past periods. Current tax is measured at the amounts of tax expected to pay or recover using the tax rates and laws that have been enacted or substantively enacted at the reporting date.

Deferred tax is recognised in respect of all timing differences at the reporting date. Unrelieved tax losses and other deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the reporting date that are expected to apply to the reversal of the timing difference.

RESONANCE WATER FINANCE UK LIMITED

Notes to the Financial Statements (continued)

For the year ended 31 December 2020

3. Accounting policies (continued)

3.9. Expense recognition

Expenses are accounted for on an accruals basis and are recognised in the period in which they are incurred.

3.10. Foreign currency transactions

Foreign currency monetary assets and liabilities are translated into Euro at the rate of exchange ruling at the Statement of Financial Position date. Transactions in foreign currency are translated at the rate of exchange ruling at the date of the transaction. Foreign exchange gains and losses are included in the Statement of Income and Retained Earnings. Historic cost is achieved using the exchange rate at the date of transaction.

3.11. Financial instruments

The Company has chosen to adopt Section 11 and Section 12 of FRS 102 in respect of financial instruments.

Trade and other debtors

Trade and other debtors are initially recognised at fair value and subsequently carried at amortised cost less provisions for impairment.

Financial liabilities

Financial liabilities comprise of creditors and loans which are basic financial liabilities and are recognised initially at fair value net of directly attributable transaction costs. Creditors and loan notes are subsequently stated at amortised cost using the EIR basis.

Investments held at fair value through profit or loss

In accordance with Section 9.9C(a) of FRS 102, the Company adopts a policy of measuring debt and equity investments in subsidiaries at fair value, with changes in fair value recognised in profit or loss.

The unit of account for fair value is determined at the subsidiary investment level. An apportionment is then made between debt and equity investments in subsidiaries, which are designated upon initial recognition as held at fair value through profit or loss. Investments are recognised / derecognised at the trade date of the purchase / disposal. The investments have been valued using discounted cash flow valuations as at 31 December 2020.

Cash at bank and in hand

Cash at bank and in hand comprise cash balances and short term cash deposits.

4. Expenses	2020 Euro	2019 Euro
Administration, secretarial and accounting fees	32,108	43,245
Withholding tax	14,029	11,842
Auditor's remuneration	13,221	6,632
Listing fees	5,533	23,099
Bank interest paid	3,190	408
Tax compliance fees	2,403	3,097
Sundry expenses	458	515
Bank charges	344	499
Legal and professional	(288)	3,386
Unrealised foreign exchange (gain) / loss	(631,889)	93,559
Deal costs	-	20,316
	(560,891)	206,598

5. Staff costs

The average number of persons employed by the Company during the year, excluding the directors, amounted to nil (2019: nil). No compensation for services rendered by the directors was payable during the year (2019: nil).

RESONANCE WATER FINANCE UK LIMITED

Notes to the Financial Statements (continued)

For the year ended 31 December 2020

6. Investments	2020 Euro	2019 Euro
Opening balance	23,075,657	10,712,157
Acquired - Purchases	9,436,646	12,447,942
Repayment of capital	(2,233,932)	(630,227)
Unrealised (loss) / gain on revaluation of investments	(2,101,659)	545,785
Unrealised foreign exchange loss on revaluation of investments	(2,942,420)	-
Closing balance	25,234,292	23,075,657

Further details are provided on the subsidiary investments:

Acciona Agua Sardinia Infrastructure S.R.L.	31 December 2020 Euro		31 December 2019 Euro	
	Cost	Fair Value	Cost	Fair Value
Equity	9,000	785,831	9,000	584,623
Loan	5,521,169	5,521,169	8,053,336	8,053,336
	5,530,169	6,307,000	8,062,336	8,637,959

Included within investments are loan balances. On 21 December 2017, the Company extended loan financing to Acciona Agua Sardinia Infrastructure S.R.L., in conjunction with a second lender, for the purposes of acquiring a desalination plant and ancillary infrastructure ("Project Sarroch"). The Company's quota of the loan was 90%.

The loan was made up of three amounts, each bearing interest at 4.5% per annum, but each having separate repayment terms. The movement in the consideration loan comprises a repayment of capital EUR 2,233,932 and an adjustment for capitalisation of interest on 20 December 2019 which was paid in February 2020.

	31 December 2020 Euro	31 December 2019 Euro
Consideration loan	3,891,080	6,423,247
VAT loan	1,585,089	1,585,089
General expenses loan	45,000	45,000
	5,521,169	8,053,336

The term of the Consideration Loan is six years from 21 December 2017, with annual payments to be made at the expiry of each 12 month period.

The VAT Loan is to be repaid in full within 30 business days from the date on which the Borrower has successfully completed the recovery of the VAT from the Italian Tax Authority.

The General Expenses Loan is to be repaid in full within 30 business days from the date the Main Contract (for the water desalination plant) has ceased to be effective.

RESONANCE WATER FINANCE UK LIMITED

Notes to the Financial Statements (continued)

For the year ended 31 December 2020

6. Investments (continued)

RE Holding Trust One

	31 December 2020				31 December 2019			
	AUD Cost	AUD Fair Value	Euro Cost	Euro Fair Value	AUD Cost	AUD Fair Value	Euro Cost	Euro Fair Value
Equity	2,298,510	1,390,050	1,441,291	874,465	1,798,510	1,736,124	1,138,236	1,085,417
Loans	3,837,660	-	2,393,856	-	2,487,660	2,487,660	1,555,273	1,555,030
	6,136,170	1,390,050	3,835,147	874,465	4,286,170	4,223,784	2,693,509	2,640,447

On 12 July 2018, the Company extended loan financing to RE Holding Company One Pty Limited as trustee of RE Holding Trust One. AUD 1,680,000 was loaned on 17 July 2018 (Euro 1,063,643) with further advances of AUD 420,000 (Euro 267,166) on 12 December 2018, AUD 387,660 (Euro 243,523) on 24 April 2019, AUD 600,000 (Euro 363,097) on 13 August 2020 and AUD 750,000 (Euro 458,581) on 6 November 2020. Each of the loans incur interest at 8% per annum.

No further loan financing is due for this investment.

Green Create W2V Kent Ltd

	31 December 2020				31 December 2019			
	GBP Cost	GBP Fair Value	Euro Cost	Euro Fair Value	GBP Cost	GBP Fair Value	Euro Cost	Euro Fair Value
Loan	10,600,000	10,600,000	12,022,870	11,790,486	4,800,000	4,800,000	5,602,754	5,641,728
	10,600,000	10,600,000	12,022,870	11,790,486	4,800,000	4,800,000	5,602,754	5,641,728

On 3 April 2019, the Company extended loan financing to Green Create W2V Kent Ltd. GBP 4,800,000 was loaned on 3 April 2019 (Euro 5,602,754), with a further advance of GBP 5,800,000 (Euro 6,420,116) on 25 June 2020. The loan incurs interest at 9.5% per annum.

Green Create W2V Kent Ltd has entered into an assignment of its shareholder loans by way of security, to the Company.

BioEnergy Pte Ltd

	31 December 2020				31 December 2019			
	SGD Cost	SGD Fair Value	Euro Cost	Euro Fair Value	SGD Cost	SGD Fair Value	Euro Cost	Euro Fair Value
Equity	2,790,483	3,392,587	1,842,599	2,091,865	2,790,483	2,790,483	1,842,599	1,846,657
Loans	6,511,127	6,511,128	4,299,398	4,014,754	6,511,128	6,511,128	4,299,398	4,308,866
	9,301,610	9,903,715	6,141,997	6,106,619	9,301,611	9,301,611	6,141,997	6,155,523

On 28 May 2019, the Company extended loan financing to BioEnergy Pte Ltd. SGD 6,253,793 was loaned on 28 May 2019 (Euro 4,129,552) with a further advance of SGD 257,335 (Euro 169,847) made on the 14 August 2019. Each of the loans incur interest at 4.6% per annum.

Great British Farms Limited

	31 December 2020				31 December 2020			
	GBP Cost	GBP Fair Value	Euro Cost	Euro Fair Value	GBP Cost	GBP Fair Value	Euro Cost	Euro Fair Value
Loan	2,000,000	140,000	2,189,790	155,723	-	-	-	-
	2,000,000	140,000	2,189,790	155,723	-	-	-	-

On 29 September 2020, the Company extended loan financing to Great British Farms Limited ("GBF"). GBP 2 million was loaned on 29 September 2020 (Euro 2,189,790). The loan incurs interest at 10% + index figure per annum.

In December 2020, the GBF shareholders were made aware that the CEO and other directors misrepresented the result of their own production activities and the Company was not made aware of this prior to signing the loan agreement. The CEO and other directors were removed in December 2020. On 25 February 2021, GBF was put into administration and based on the investment advisors estimate the remaining investment value is GBP 140,000 (Euro 155,723).

RESONANCE WATER FINANCE UK LIMITED

Notes to the Financial Statements (continued)

For the year ended 31 December 2020

6. Investments (continued)

Company	Share Type	Place of business	Date of investment	31 December 2020 Percentage ownership	31 December 2019 Percentage ownership
Acciona Agua Sardinia Infrastructure S.R.L.	Ordinary	Italy	7 November 2017	90%	90%
RE Holding Trust One	Ordinary	Australia	12 July 2018	100%	40%
BioEnergy Pte Ltd	Ordinary	S.E. Asia	28 May 2019	95%	95%
Green Create W2V Kent Ltd	N/A	United Kingdom	3 April 2019	0%	0%
Great British Farms Limited	N/A	United Kingdom	29 September 2020	0%	0%

The fair value of the Company's investments have been determined based on discounted cashflows of the underlying entities as at the year-end. In terms of the investments held by the underlying entities, the fair value of the underlying wastewater treatment plants have also been determined using discounted cash flows. Where the Company holds loan investments, they have been determined based on the fair value of the loans at the year-end, translated using the exchange rates at the year-end where applicable.

In terms of the discounted cash flow valuation used for the operational plants (held by Acciona Agua Sardinia Infrastructure S.R.L, RE Holding Trust One and BioEnergy Pte Ltd), the valuation is based on discounting the future net income receivable from the entity to arrive at the net present value of the future income streams. The key inputs used in the fair value models are as follows:-

Discount rate: A range of 10-11% has been used.

Designing volume: The volume is fixed for each revenue stream under the Build, Operate and Transfer ("BOT") contracts. (m3 / hour)

Price: The price is fixed in Euro and AUD for each revenue stream under the 'BOT' contracts. (Euro and AUD / m3)

7. Risk Management

Liquidity risk

'Liquidity risk' is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivery of cash or another financial asset.

The Company's financial assets include unlisted equity investments, which are illiquid. As a result, the Company may not be able to liquidate its investments and financial instruments in due time to meet its liquidity requirements. The Company's liabilities are due to associated entities. When these amounts are excluded from the liabilities, then the Company has sufficient working capital to meet its liquidity needs. Management regularly prepare cash flow forecasts to assess the working capital needs of the Company.

Market risk

'Market risk' is the risk that changes in market prices, such as interest rates, foreign exchange rates and equity prices will affect the Company's income or the fair value of its holdings of financial instruments.

Interest rate risk

As the interest rate used for both interest income and interest expense is fixed, there is no exposure to interest rate fluctuations at the Company level.

Foreign currency risk

'Foreign currency risk' is the risk that the changes in foreign exchange rates will affect the discounted cash flow basis forming the fair value of investments. The Company borrows the same currency as it intends to use for investment purposes and the amount borrowed is typically the same as the amount invested. Therefore, the foreign currency risk exposure is immaterial.

Although there is some exposure to foreign exchange risk due to the timing of income and expenses, the Company does not forward hedge against foreign exchange movements.

RESONANCE WATER FINANCE UK LIMITED

Notes to the Financial Statements (continued)

For the year ended 31 December 2020

7. Risk Management (continued)

Credit risk

'Credit risk' is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that is entered into with the Company, resulting in a financial loss to the Company.

The Company is exposed to credit risk through the investment at fair value through profit or loss equal to its carrying amount. Cash and debtor balances are also subject to credit risk. This credit risk is managed by the Company's directors who also sit on the board of the investment entity and the Company's investment adviser. The investment adviser maintains regular contact with the underlying investments and informs the Company as to when cash flows may be expected or delayed.

8. Debtors	31 December 2020	31 December 2019
	Euro	Euro
Loan interest due from BioEnergy Pte Ltd (see Note 6)	292,914	116,164
Loan interest due from Acciona Agua Sardinia Infrastructure S.R.L. (see Note 6)	203,286	157,630
Loan interest due from RE Holding Trust One (see Note 6)	132,519	47,247
Loan interest due from Green Create W2V Kent Limited (see Note 6)	13,114	10,279
Due from Resonance Industrial Water Infrastructure Limited	1	1
	641,834	331,321

9. Creditors	31 December 2020	31 December 2019
	Euro	Euro
<i>Amounts falling due within one year</i>		
Loan interest	359,677	262,410
Due to Resonance Industrial Water Infrastructure Limited	22,499	35,812
Administration, secretarial and accounting fees payable	22,011	9,332
Withholding tax due on loan interest receivable	13,252	5,250
Audit fees	9,677	3,232
Listing fees	5,533	5,671
Tax compliance fees	2,462	2,539
Deal costs	-	2,844
Sundry expenses	-	272
	435,111	327,362

10. Loans

Details of loans not wholly repayable within five years are as follows:

	31 December 2020	31 December 2019
	Euro	Euro
Loan payable to Resonance Industrial Water Infrastructure Limited	32,668,917	23,228,160

On 25 September 2018, the Company entered into an amended and restated agreement authorising the issue of up to Euro 15,000,000 4% unsecured loan notes with Resonance Industrial Water Infrastructure Limited with a maturity date of 20 December 2026. This replaced the previous agreement entered into on 20 December 2017 for the issue of Euro 9,000,000 4% unsecured loan notes.

As at 31 December 2020, a total of Euro 7,352,094 had been issued (2019: Euro 8,221,265). During the year ended 31 December 2020, a total of Euro 302,410 interest had been charged (2019: Euro 343,634).

On 2 November 2018, the Company entered into an agreement authorising the issue of up to USD 320,000,000 (or its equivalent in any other currency) Senior Unsecured Notes with Resonance Industrial Water Infrastructure Limited. The rate of interest and maturity date for each note issuance is to be agreed between the parties at the time of issue.

As at 31 December 2020, a total of AUD 6,632,791 (Euro 4,172,616) had been issued (2019: AUD 4,499,194, Euro 2,812,875). A breakdown of the loan notes issued and maturity dates are detailed below. Interest is payable on the notes at 7.5% per annum. During the year ended 31 December 2020 a total of Euro 243,012 of interest had been charged (2019: Euro 196,131).

RESONANCE WATER FINANCE UK LIMITED

Notes to the Financial Statements (continued)

For the year ended 31 December 2020

10. Loans (continued)

AUD Notes Issued	Maturity Date
2,940,070	11 July 2028
700,000	12 December 2028
60,649	04 February 2028
646,100	23 April 2028
31,682	01 May 2028
37,217	31 July 2028
83,476	31 October 2028
169,183	03 November 2028
504,796	03 November 2028
608,504	03 November 2028
92,665	03 November 2028
758,449	03 November 2028
6,632,791	

As at 31 December 2020, a total of SGD 9,845,477 (Euro 6,070,710) had been issued (2019: SGD 9,451,948). Interest is payable on the notes at 4.1% per annum. During the year ended 31 December 2020 a total of Euro 244,994 of interest had been charged (2019: Euro 152,446).

SGD Notes Issued	Maturity Date
8,933,990	24 May 2028
68,241	31 July 2028
367,621	13 August 2028
82,096	31 October 2028
96,617	08 March 2029
97,605	08 March 2029
99,686	08 March 2029
99,621	08 March 2029
9,845,477	

As at 31 December 2020, a total of GBP 13,521,805 (Euro 15,040,439) had been issued (2019: GBP 5,052,927, Euro 5,939,008). Interest is payable on the notes at 9% per annum. During the year ended 31 December 2020 a total of Euro 889,428 of interest had been charged (2019: Euro 388,073).

GBP Notes Issued	Maturity Date
4,800,000	03 April 2028
140,844	31 July 2028
112,083	31 October 2028
114,625	31 January 2028
114,677	31 January 2028
5,874,241	31 January 2028
96,282	31 January 2028
2,166,479	31 January 2028
102,574	31 January 2028
13,521,805	

RESONANCE WATER FINANCE UK LIMITED

Notes to the Financial Statements (continued)

For the year ended 31 December 2020

11. Share Capital	31 December 2020 Euro	31 December 2019 Euro
Allotted, called up and fully paid		
1 Ordinary share of £1.00 each	<u>1</u>	<u>1</u>
The ordinary shares carry full voting rights at general meetings of the Company.		
Called up as at 1 January	1	-
Called up during the year	<u>-</u>	<u>1</u>
Total called up as at 31 December	<u>1</u>	<u>1</u>

12. Related Parties

Nicholas Wood, a director of the Company, is also a director of the parent company Resonance Industrial Water Infrastructure Limited ('RIWIL'). No director's fee is charged for his services as a director of the Company.

On 21 December 2017, the Company extended loan financing to Acciona Agua Sardinia Infrastructure S.R.L., an entity 90% owned by the Company. As at 31 December 2020, the amount receivable was Euro 5,521,169 (2019: Euro 8,053,336). During the year ended 31 December 2020, Euro 335,878 (2019: Euro 371,140) of interest was charged, of which Euro 203,286 (2019: Euro 157,630) remained payable by Acciona Agua Sardinia Infrastructure S.R.L.

On 25 September 2018, the Company entered into an amended and restated agreement authorising the issue of up to Euro 15,000,000 4% unsecured loan notes with Resonance Industrial Water Infrastructure Limited. This replaced the previous agreement entered into on 20 December 2017 for the issue of Euro 9,000,000 4% unsecured loan notes. As at 31 December 2020, the amount payable was Euro 7,385,152 (2019: Euro 8,221,265). During the year ended 31 December 2020, Euro 302,410 (2019: Euro 343,634) of interest was charged, of which Euro 31,554 remained outstanding to RIWIL (2019: Euro 83,383).

On 2 November 2018, the Company entered into an agreement authorising the issue of up to USD 320,000,000 (or its equivalent in any other currency) Senior Unsecured Notes with Resonance Industrial Water Infrastructure Limited. The rate of interest is to be agreed between the parties at the time of issue.

As at 31 December 2020, a total of AUD 6,632,791 7.5% unsecured loan notes had been issued (2019: AUD 4,499,194). During the year ended 31 December 2020 a total of Euro 243,012 of interest was charged (2019: Euro 196,131), of which Euro 84,209 remained outstanding to RIWIL at the year end (2019: Euro 35,276).

As at 31 December 2020, a total of SGD 9,845,477 4.1% unsecured loan notes had been issued (2019: SGD 9,451,984). During the year ended 31 December 2020 a total of Euro 244,994 of interest was charged (2019: Euro 152,446), of which Euro 51,033 remained outstanding to RIWIL at the year end (2019: Euro 52,958).

As at 31 December 2020, a total of GBP 13,521,805 9% unsecured loan notes had been issued (2019: GBP 5,052,927). During the year ended 31 December 2020 a total of Euro 889,428 of interest was charged (2019: Euro 388,073), of which Euro 229,933 remained outstanding to RIWIL at the year end (2019: Euro 90,793).

On 12 July 2018, the Company extended loan financing to RE Holding Company One Pty Limited as trustee of RE Holding Trust One. AUD 1,680,000 was loaned on 17 July 2018 (Euro 1,063,643) with further advances of AUD 420,000 (Euro 267,166) on 12 December 2018, AUD 387,660 (Euro 142,809) on 24 April 2019, AUD 600,000 (Euro 363,097) on 13 August 2020 and AUD 750,000 (Euro 458,581) on 6 November 2020. As at 31 December 2020, the total amount due was AUD 2,447,954 (2019: AUD 2,487,600). During the year ended 31 December 2020, Euro 130,274 of interest was charged (2019: Euro 118,419), of which Euro 203,286 remained due at the year end (2019: Euro 52,496).

As at 31 December 2020, the amount due to RIWIL, as reimbursement of costs covered on behalf of the Company, was Euro 22,499 (2019: Euro 35,812).

RESONANCE WATER FINANCE UK LIMITED

Notes to the Financial Statements (continued)

For the year ended 31 December 2020

13. Ultimate Parent Undertaking and Controlling Party

The directors consider the immediate parent and ultimate controlling party of the Company to be Resonance Industrial Water Infrastructure Limited.

14. Subsequent Events

There have been no events subsequent to the year end which require adjustment of or disclosure in the financial statements.