Perdix Infrastructure Investments Designated Activity Company

Audited Financial Statements

For the year ended 31 March 2022

MACQUARIE

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Contents

Management and Administration

Registered number	**593077**
Registered office	1st Floor 118 Lower Baggot Street Dublin 2 Ireland
Secretary	**Alter Domus Secretarial (Ireland) Limited** 1st Floor 118 Lower Baggot Street Dublin 2 Ireland
Directors	• Ross McCann • Amanda Donohue (Appointed 7 October 2021) • Sean Morley (Resigned 7 October 2021)
Manager	**Macquarie Financial Products Management Limited** 50 Martin Place Sydney New South Wales Australia 2000
Directors of the Manager	• G Shneier • B Barry • H Leung
Independent Auditor	**PricewaterhouseCoopers Ireland** One Spencer Dock North Wall Quay Dublin Ireland
Administrator	**Alter Domus (Ireland) Limited** 1st Floor 118 Lower Baggot Street Dublin 2 Ireland

Directors' report

The Directors present their report and the audited financial statements of Perdix Infrastructure Investments Designated Activity Company (the "Company") for the financial year ended 31 March 2022 (the "financial year").

Statement of Directors' responsibilities for the audited financial statements

The Directors are responsible for preparing the Directors' report and the financial statements in accordance with Irish company law.

Irish company law requires the Directors to prepare financial statements for each financial year. The Company's financial statements have been prepared in accordance with (FRS 102) Financial Reporting Standard applicable in the UK and Republic of Ireland issued by the Financial Reporting Council ("FRC") and promulgated by the Institute of Chartered Accountants in Ireland ("FRS 102'').

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

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

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether the financial statements have been prepared in accordance with IFRS and ensure that they contain the additional information required by the Companies Act, 2014; and
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that Company will continue in business.

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

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

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

The Directors confirm that they have complied with the above requirements in preparing the financial statements.

Principal activities and business review

The Company was incorporated in Ireland on 17 November 2016 with a registered number 593077.

The Company targets debt investment opportunities in the infrastructure sector in the United Kingdom and Europe. These investments are funded through the issue of loan notes (the "Notes") to Zurich Insurance Company Ltd ("ZIC") and Zurich Life Insurance Company Ltd ("ZLIC").

The Company appointed Macquarie Financial Products Management Limited (the "Manager") as Manager of the Company's investment portfolio on 05 January 2017.

The Manager seeks to source, analyse, structure and discuss investment opportunities for the Company. The Manager is a wholly owned indirect subsidiary of Macquarie Group Limited ("Macquarie") and is authorised and regulated by the Australian Securities and Investments Commission.

Debt investments made by the Company are detailed in Note 2.2 and details of the Notes issued to ZIC and ZLIC are detailed in Note 2.2.

Debt investments made by the Company are in line with the Company's investment strategy. During the financial year all debt investments have performed as expected, with fair value disclosed in Note 2.2.

Directors' report (continued)

Results and dividends of the Company

Details of the results are set out in the Statement of Comprehensive Income on page 11. The Directors do not recommend the payment of a dividend in respect of the financial year ended 31 March 2022 (31 March 2021: Nil).

Principal risk and uncertainty

The Company, through its investments in loans, is subject to a variety of risks. The key risks facing the Company are market risk, credit risk and liquidity risk. Risk management policies and the procedures applied to address these tasks are disclosed in Note 4.3 of these audited financial statements.

The Company's strategy is to acquire and hold debt investments to maturity. The Directors recognise that there is a risk that investments of suitable quality and returns which fit the Company's strategy may be difficult to source, however the advice provided by the Manager to date would suggest that there is an active pipeline of investment opportunities which the Company is in a position to exploit.

The Company will meet any unfunded loan commitments in Note 2.2 through drawdowns on the Notes issued to ZIC and ZLIC in line with the investment strategy.

Directors and Secretary

The Directors and Secretary of the Company during the financial year are as set out on page 1.

In accordance with the Articles of Association of the Company, the Directors are not required to retire by rotation.

Directors' and Secretary's interest in shares

None of the Directors or Secretary who held office during the financial year to, and including, 31 March 2022 and 31 March 2021 held any shares in the Company.

Financial reporting framework and going concern

The financial statements have been prepared on a going concern basis. The Directors believe that this is appropriate, due to the ability to call on undrawn commitments from the Notes issued to ZIC and ZLIC.

Books and accounting records

The measures taken by the Directors to ensure compliance with the requirements of section 281-285 of the Companies Act 2014, regarding adequate accounting records include the implementation of the necessary policies and procedures for recording transactions, the employment of competent accounting personnel with appropriate expertise and the provision of adequate resources of financial function. These accounting records are maintained at 1st Floor, 118 Lower Baggot Street, Dublin 2, Ireland.

Events during the reporting year

The Directors of the Company, in conjunction with the Manager, continue to access the potential impact of COVID-19 on the assets in the Company's portfolio. Where an asset is experiencing pressure on financial ratio covenants or where there are material short-term impacts to the borrower, debt investments have been placed on the Credit Watch list and are subject to more detailed ongoing monitoring.

Events during the reporting period have been evaluated up to the date the financial statements were approved and authorised for issue by the Directors which includes the current conflict between Russia and Ukraine. The Company does not have any assets which are located in Russia, Ukraine or Belarus. Moreover, none of the assets to which the Company has lent money have material business relations with entities in Russia, Ukraine or Belarus. There may be a number of second order implications arising from any conflict between these two countries, such as the effect on gas/energy prices. However, we believe these risks are well mitigated within the portfolio. There were no other material events to be disclosed or adjusted for in these financial statements.

During the reporting period and as at 31 March 2022, no additional assets of the Company were placed on Credit Watch.

Directors' report (continued)

Events occurring after the reporting year

The Directors will assess the ongoing situation on a regular basis and ensure all risks are mitigated to a minimum to effectively protect the company's investments from any adverse fluctuations and safeguard the company's going concern status.

Since balance sheet date, the COVID-19 pandemic has continued to evolve and may have an impact on specific areas of judgement required for preparing these financial statements. The Company have continued to re-evaluate the significant inputs used to drive the fair value of financial assets on a regular basis up to the date of this report. Based on these evaluations, the Company has determined there are no material events which would require disclosure or adjustment in the financial statements.

Material Agreements

There were no material agreements in relation to the business of the Company in which any director of the Company had a material interest during the financial year ended 31 March 2022. Details of the related party are set out in Note 7.1 to these financial statements.

Future developments

It is the intention of the Directors, in consultation with the Manager, to continue investing in the debt of infrastructure borrowers, to be funded through the Notes issued to ZIC and ZLIC.

Events occurring after the reporting year are disclosed in Note 7.3.

Independent Auditor

PricewaterhouseCoopers Ireland have expressed their willingness to accept reappointment in accordance with Section 383(2) of the Companies Act 2014.

The Company is due to pay the Independent Auditor a fee of £76,745 (2021: £111,009) in respect of the audit of the Company's financial statements for the financial year. The amounts disclosed on the financial statements may differ as they reflect the estimated audit fees accrued as of 31 March 2022.

There were no other assurance services provided by the Independent Auditor for the financial year (2021: nil).

Relevant Audit Information

For persons who are directors at the time this report is approved in accordance with Section 330 of the Companies Act, 2014:

- the Directors hereby individually and collectively acknowledge, that so far as each director is aware, there is no relevant material audit information of which the Company's statutory auditors are unaware; and
- that he/she has taken all the steps that he/she ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the Company's statutory auditors are aware of that information.

Audit Committee

The definition of large company as per Section 167 of the Companies Act, 2014 is a company with €50 million turnover and €25 million in balance sheet total in the most recent financial year and the year immediately preceding that year.

The Company does not meet the definition of a large company and is not required to establish an Audit Committee.

Research and Development

The Company did not incur any expenditure on research and development during the year.

Political Donation

The Company made no political donations during the year.

Directors' report (continued)

Annual compliance statement

The Directors, in accordance with Section 225(2)(a) of the Companies Act 2014 (the "Act"), acknowledge that they are responsible for securing the Company's compliance with its "relevant obligations." "Relevant obligations", in the context of the Company, are the Company's obligations under:

a. the Act, where a breach of the obligations would be a category 1 or category 2 offence;
b. the Act, where a breach of the obligation would be a serious Market Abuse or Prospectus offence; and
c. tax law.

Pursuant to Section 225(2)(b) of the Act, the Directors confirm that:

i. a compliance policy statement has been drawn up as required by Section 225(3)(a) of the Act setting out the Company's policies (that, in the directors' opinion, are appropriate to the Company) respecting compliance by the Company with its relevant obligations;
ii. appropriate arrangements and structures have been put in place that, in their opinion, are designed to secure material compliance with the Company's relevant obligations, and
iii. a review has been conducted, in the financial year, of the arrangements and structures referred to in paragraph (ii).

Authorisation of the Financial Statements

These financial statements were authorised for issue by the Board of Directors on 08 September 2022.

RWMcCann

Christopher McNamara

Ross McCann
Director
Perdix Infrastructure Investments
Designated Activity Company
Date: 09 September 2022

Chris McNamara
Alternate Director
Perdix Infrastructure Investments
Designated Activity Company
Date: 09 September 2022

First Floor,
118 Lower Baggot Street
Dublin 2, Ireland

Independent auditors' report to the members of Perdix Infrastructure Investments Designated Activity Company

Report on the audit of the financial statements

Opinion

In our opinion, Perdix Infrastructure Investments Designated Activity Company's financial statements:

- give a true and fair view of the company's assets, liabilities and financial position as at 31 March 2022 and of its profit and cash flows for the year then ended;
- have been properly prepared in accordance with Generally Accepted Accounting Practice in Ireland (accounting standards issued by the Financial Reporting Council of the UK, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and Irish law); and
- have been properly prepared in accordance with the requirements of the Companies Act 2014.

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

- the Statement of Financial Position as at 31 March 2022;
- the Statement of Comprehensive Income for the year then ended;
- the Statement of Cash Flows for the year then ended;
- the Statement of Changes in Net Assets Attributable to Equity Shareholders for the year then ended; and
- the Notes to the Financial Statements, which include a description of the significant accounting policies.

Basis for opinion

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

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

Independence

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

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Our audit approach

Overview

Materiality

- £0.10 million (2021: £1.1 million)
- Based on 1% of Total Assets.

Audit scope

- The company is a Designated Activity Company incorporated in the Republic of Ireland and engages Macquarie Financial Products Management Limited (the "Manager") as Manager of the company's investment portfolio.
- The company targets debt investments ("financial assets") in infrastructure. These are funded through the issue of loan notes that are listed on The International Stock Exchange.
- We conducted our audit of the financial statements from information provided by Alter Domus (Ireland) Limited (the "Administrator") to whom the board of directors has delegated the provision of certain functions. We also had significant interaction with the Manager in completing aspects of our overall audit work.
- We tailored the scope of our audit taking into account the financial assets within the company and the involvement of the third parties referred to above.

Key audit matters

- Financial assets at fair value through profit or loss.

The scope of our audit

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

Key audit matters

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

Key audit matter	***How our audit addressed the key audit matter***
Financial assets at fair value through profit or loss *As detailed in Note 2.2 and Note 5 of the financial statements, financial assets at the year-end are measured at fair value through profit or loss and make up a significant part of the Statement of Financial Position.* There is a significant inherent risk of misstatement in valuations due to lack of publicly available quoted prices, illiquid nature of the financial assets and the subjectivity of management's judgements and estimates. The specific areas of judgement include: • The impact of changes in the expected cash flows of each financial asset on the fair value; and • The discount rate used in the fair value calculations. We focused on this area as it is a principal element of the	We understood and evaluated the internal control environment in place at the Administrator and the Manager, including management's processes and assumptions used to measure the fair value of the financial assets. Our procedures include; • Assessing the financial assets valuation accounting policy for compliance with FRS 102 and testing to ensure that the financial assets had been measured in accordance with the stated accounting policy; • Testing of operating effectiveness of the data input controls and monthly reconciliation controls in respect of the discounted cash flow models; • Reviewing the assumptions and inputs into the discounted cash flow models for selected financial assets and agreeing to the associated agreements

Key audit matter	*How our audit addressed the key audit matter*
financial statements. We also focused on the adequacy of disclosures made in the Notes to the Financial Statements.	and other legal documentation. Independently obtaining data to assess the reasonableness of the inflation rate curves used to derive the forecast cash flows in the discounted cash flow models from independent third-party sources; • Engaging our internal valuation auditor's experts to assess the reasonableness of the discount rates and assumptions applied to the discounted cash flow models. The internal valuation experts performed a review of the methodology for deriving the discount rate and fair value as well as comparison of key input assumptions to market data. They also independently recalculated the fair value and compared this to the fair value determined by the discounted cash flow models; • On a sample basis, performing back-testing procedures in order to assess the Manager's cash flow forecasting reliability; and • With regards to COVID-19, discussing with management and evaluating the judgements applied in determining the valuation of financial assets at fair value through profit or loss. We have not identified any matters to report to those charged with governance.

How we tailored the audit scope

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

Materiality

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

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

Overall materiality	£1.0 million (2021: £1.1 million).
How we determined it	1% of Total Assets.
Rationale for benchmark applied	We believe total assets to be the appropriate basis for determining benchmark materiality since the primary consideration for members of the company is total asset value.

We agreed with the Board of Directors that we would report to them misstatements identified during our audit above £0.10 million (2021: £0.11 million) as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

Conclusions relating to going concern

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

- The company is a special purpose vehicle. As noted in the Introduction to the Notes to the Financial Statements, the financial statements have been prepared on a going concern basis as the Directors are of the view that the company can continue in operational existence for the foreseeable future;

- We made enquiries of management and obtained an understanding of the key indicators that are monitored with respect to the going concern assumption and management's future plans for the company over the going concern period (being 12 months from the date of approval of the financial statements);

- We reviewed available board minutes during the period under audit and those available up to the date of this report;

- We considered post year-end total asset movement and profit participating note drawdown activities by reviewing the underlying accounting records;

- We considered the liquidity risk management techniques which are available to the company.

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

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

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

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

Reporting on other information

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

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

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

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

- In our opinion, based on the work undertaken in the course of the audit, the information given in the Directors' report for the year ended 31 March 2022 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

- Based on our knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the Directors' report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of Directors' responsibilities for the audited financial statements set out on page 2, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view.

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

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

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (Ireland) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

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

This description forms part of our auditors' report.

Use of this report

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

Other required reporting

Companies Act 2014 opinions on other matters

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

Other exception reporting

Directors' remuneration and transactions

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

Olwyn Alexander

Olwyn Alexander
for and on behalf of PricewaterhouseCoopers
Chartered Accountants and Statutory Audit Firm
Dublin, Ireland
9 September 2022

Statement of Comprehensive Income

	Note	£'000 1 April 2021 to 31 March 2022	£'000 1 April 2020 to 31 March 2021
Income			
Net changes in fair value of financial assets at fair value through profit or loss	2.2	-	3,924
Net changes in fair value of financial liabilities at fair value through profit or loss	2.2	3,312	-
Income from operations	1.1(a)	18	12
Total Income		**3,330**	**3,936**
Expenses			
Net changes in fair value of financial assets at fair value through profit or loss	2.2	(2,816)	-
Net changes in fair value of financial liabilities at fair value through profit or loss	2.2	-	(3,314)
Investment management fees - ongoing		(300)	(278)
Operating expenses	1.1(b)	(101)	(230)
Audit fees		(112)	(113)
Total Expenses		**(3,329)**	**(3,935)**
Operating profit for the year before tax		**1**	**1**
Taxation	6	-	(1)
Operating profit for the year after tax		**1**	**-**
Other comprehensive income		-	-
Total comprehensive income for the year		**1**	**-**

The results above derive from continuing activities.

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

Statement of Financial Position

	Note	£'000 31 March 2022	£'000 31 March 2021
Assets			
Cash and cash equivalents	2.1	16,617	1,239
Receivables and prepayments	3.1	393	2
Financial assets at fair value through profit or loss	2.2	83,086	105,711
Total assets		**100,096**	**106,952**
Liabilities			
Payables and accrued expenses	3.2	(278)	(216)
Financial liabilities at fair value through profit or loss	2.2	(99,814)	(106,733)
Total liabilities		**(100,092)**	**(106,949)**
Net assets attributable to equity shareholders		**4**	**3**
Equity			
Share Capital*		-	-
Retained earnings		4	3
Total Equity		**4**	**3**

*The share capital amounts to £1.

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

These financial statements were approved and authorised for issue at a meeting of the Board of Directors and signed on their behalf by:

RWMcCa

Ross McCann
Director
Perdix Infrastructure Investments Designated Activity Company
Date: 09 September 2022

Christopher McNamara

Chris McNamara
Alternate Director
Perdix Infrastructure Investments Designated Activity Company
Date: 09 September 2022

Statement of Changes in Net Assets Attributable to Equity Shareholders

31 March 2022	£'000 Share capital*	£'000 Retained earnings	£'000 Total equity
Opening net assets attributable to Equity shareholders as at 1 April 2021	-	3	3
Total comprehensive income for the year	-	1	1
Closing net assets attributable to Equity shareholders as at 31 March 2022	**-**	**4**	**4**

31 March 2021	£'000 Share capital*	£'000 Retained earnings	£'000 Total equity
Opening net assets attributable to Equity shareholders as at 1 April 2020	-	3	3
Total comprehensive income for the year	-	-	-
Closing net assets attributable to Equity shareholders as at 31 March 2021	**-**	**3**	**3**

*The share capital amounts to £1.

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

Statement of Cash Flows

	Note	£'000 1 April 2021 to 31 March 2022	£'000 1 April 2020 to 31 March 2021
Cash flows from operating activities			
Total comprehensive income for the year		1	-
Adjustments for:			
Net changes in fair value of financial assets at fair value through profit or loss	2.2	2,816	(3,924)
Net changes in fair value of financial liabilities at fair value through profit or loss	2.2	(3,312)	3,314
Net foreign currency gain/(loss)	1.1(a)	(5)	90
Decrease/(increase) in receivables and prepayments	3.1	(391)	392
(Decrease)/increase in payables and accrued expenses	3.2	62	(77)
Purchase of debt investments	2.2	-	(22,471)
Repayment of debt investments	2.2	16,732	2,889
Interest income received from debt investments	2.2	3,077	2,764
Net cash inflow/(outflow) from operating activities		**18,980**	**(17,023)**
Cash flows from financing activities			
Proceeds from issue of Notes	2.2	3,349	22,747
Repayment of Notes	2.2	(4,540)	(3,094)
Interest expense paid on Notes	2.2	(2,416)	(2,170)
Net cash inflow/(outflow) from financing activities		**(3,607)**	**17,483**
Net increase/(decrease) in cash and cash equivalents		**15,373**	**460**
Cash and cash equivalents at the beginning of the year		1,239	869
Effects of exchange rate movements on cash and cash equivalents		5	(90)
Cash and cash equivalents at the end of the year	**2.1**	**16,617**	**1,239**

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

Notes to the Financial Statements

Introduction

General information

Perdix Infrastructure Investments Designated Activity Company (the “Company”) is a designated activity company incorporated on 17 November 2016 under Part 16 the Companies Act 2014 and registered under number 593077 with a registered office as disclosed on page 2.

The investment objective of the Company is to invest in debt investment opportunities in the infrastructure sector in the United Kingdom and Europe.

Under the terms of Note Subscription Agreements dated 05 January 2017, (the “Note Subscription Agreement”), the Company issued loan notes (the “Note”) to Zurich Insurance Company Ltd and Zurich Life Insurance Company Ltd (the “Note Holders”). Amounts advanced to the Company in respect of the Notes will be applied to fund debt investments and related Company expenses.

Under the terms of the Investment Management and Advisory Agreement dated 05 January 2017, the Company appointed Macquarie Financial Products Management Limited as Manager of the Company’s investment portfolio (the "Manager"). The Manager is a wholly owned indirect subsidiary of Macquarie Group Limited ("Macquarie") and is authorised and regulated by the Australian Securities and Investments Commission.

On 21 December 2016, the Company entered into a corporate services agreement with Alter Domus (Ireland) Limited (the “Administrator”). Under the terms of this agreement the Administrator agreed to provide the Company with certain administration and accounting services in Ireland.

Basis of Preparation

The financial statements have been prepared on a going concern basis and in accordance with FRS 102 Financial Reporting Standard applicable in the UK and Republic of Ireland issued by the Financial Reporting Council (“FRC”) and promulgated by the Institute of Chartered Accountants in Ireland (“FRS 102’’). The financial statements are presented in order of liquidity and presented in British Pound Sterling (“GBP” or “£”) and all values are rounded to the nearest thousand ("£'000"), except where otherwise indicated.

The financial performance remained robust over the year, showing a clear recovery from the impacts of COVID-19. The Company continues to closely monitor the conflict between Russia and Ukraine, including the reaction from other countries and the upward pressure on energy prices. At this time, the Company does not expect there to be a material impact on the Company’s ability to continue as a going concern. There are no direct trading exposures to entities from Russia, Ukraine or Belarus, or material supply chain exposures to those countries.

The financial statements have been prepared on a historical cost basis, except for financial instruments classified at fair value through profit or loss that have been measured at fair value.

Coronavirus (COVID-19) impact

The outbreak of COVID-19 in early 2020 has given rise to many significant uncertainties, including the length of time and severity of the impact of COVID-19, how effective the measures taken to control the spread of the virus will be, and how quickly activities might return to more normal conditions once the pandemic is over.

The Company has considered the impact of the existence of COVID-19 and other market volatility in preparing its financial statements and, despite the inherent uncertainties making it impractical to provide a quantitative estimate of the impact in the notes, with the fair values determined by the Manager being based on the most up to date market data available, the Company concluded there to be no impact on the Company’s ability to continue as a going concern for the foreseeable future.

Notes to the Financial Statements (continued)

As a consequence of COVID-19 and in preparing these financial statements, the Directors of the Company, in consultation with the Manager:

- Reviewed external market communications to identify COVID-19 related impacts; and
- Conducted several internal processes to ensure consistency in the application of the expected impact of COVID-19 across all assets; and
- Assessed the carrying value of its assets and liabilities and determined the impact thereon as a result of market inputs and variables impacted by COVID-19; and
- Considered the impact pf COVID-19 on the Company's financial statement disclosures.

The preparation of the financial statements in accordance with FRS 102 requires the use of certain critical accounting estimates. It also requires the Directors to exercise their judgement in the process of applying the Company's accounting policies and making any estimates. Changes in assumptions may have a significant impact on the financial statements in the period the assumptions change. The Directors believe that the underlying assumptions are appropriate and that the Company's financial statements are fairly presented. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in the Critical accounting estimates, assumptions and judgements below.

Critical accounting estimates, assumptions and judgements

In preparing the financial statements in conformity with FRS 102, the Company, in consultation with the Manager where applicable, has made judgements, estimates and specific assumptions that affect the application of accounting policies and the reported amounts.

The Company, with the assistance of the Manager, has made estimates and assumptions based on historical experience and expectation of future events. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the financial period in which the estimate is revised and any future financial periods affected. Actual results may differ from these estimates.

As at 31 March 2022, the Directors of the Company in consultation with the Manager made judgements and assumptions in relation to the impact of COVID-19 on the Financial Statements. For further detail on these please refer to note 2.2.

The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements relate to the determination of fair value of financial assets and liabilities with significant unobservable inputs. Refer to note 2.2 and 5 for further details.

Notes to the Financial Statements (continued)

Foreign currency

Functional and presentation currency

Functional currency is the currency of the primary economic environment in which the Company operates. The majority of the Company's investments and transactions are denominated in GBP. The large majority of expenses (including legal and professional fees and investment management fees) are denominated and paid in GBP. Accordingly, the Directors have determined that the functional and presentation currency of the Company is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the date of the transactions. Foreign currency assets and liabilities are translated into the functional currency using the exchange rate prevailing at the Statement of Financial Position date. Foreign exchange gains and losses arising from translation are included in the Statement of Comprehensive Income. Foreign exchange gains and losses relating to cash and cash equivalents are presented in the Statement of Comprehensive Income within 'net foreign currency gains or losses'. Foreign exchange gains and losses relating to the financial assets carried at fair value through profit or loss are presented in the Statement of Comprehensive Income within 'Net changes in fair value of financial assets at fair value through profit or loss'.

New standards, amendments and interpretations issued but not yet effective

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 January 2022 and have not been early adopted in preparing these financial statements. None of these are expected to have a material effect on the financial statements of the Company.

New standards, amendments and interpretations adopted by the Company

There are no standards, amendments to standards or interpretations that are effective for annual periods beginning on 1 January 2022 that have a material effect on the financial statements of the Company.

Offsetting financial instruments

Financial assets and liabilities are offset and the net amount is reported in the Statement of Financial Position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counterparty.

Notes to the Financial Statements (continued)

1. Financial Performance

1.1 Profit for the year

Arrangement fee income

Arrangement fees are upfront fees paid by the borrower, in line with agreements and fee letters. Arrangement fee income associated with debt investments is recognised in the Statement of Comprehensive Income on an accruals basis.

Commitment fee income

Commitment fees are paid by the borrower on undrawn loan commitments, in line with the fee terms of the loan facility agreement. Commitment fee income is included in the Statement of Comprehensive Income.

Interest

Interest from cash and cash equivalents is recognised on an accruals basis.

Expenses

Expenses are recognised in the Statement of Comprehensive Income as the related services are performed. Transaction costs are costs incurred to acquire financial assets at fair value through profit or loss. They include fees and commissions paid to agents, advisers, brokers and dealers. Transaction costs, when incurred, are immediately recognised in the Statement of Comprehensive Income as an expense.

a. Income from operations

	£'000 1 April 2021 to 31 March 2022	£'000 1 April 2020 to 31 March 2021
Arrangement fee	13	12
Net foreign currency gain	5	-
Total income from operations	**18**	**12**

b. Operating expenses

	£'000 1 April 2021 to 31 March 2022	£'000 1 April 2020 to 31 March 2021
Legal and professional	(21)	(42)
Audit fees	(112)	(113)
Administration expenses	(53)	(52)
Listing fees	(22)	(35)
Net foreign currency loss	-	(90)
Bank charges	(3)	(4)
VAT expenses	(2)	(7)
Total operating expenses	**(213)**	**(343)**

Notes to the Financial Statements (continued)

2. Cash and Investments

2.1 Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held on call with banks and other short-term highly liquid investments, with original maturities of three months or less, which are subject to an insignificant risk of change in value. The Company maintains its cash and cash equivalents with Barclays' Bank.

As at 31 March 2022 and 31 March 2021, the carrying value of cash and cash equivalents comprised only of cash at bank.

	£'000 31 March 2022	£'000 31 March 2021
Cash at bank	**16,617**	**1,239**

2.2 Financial assets and liabilities at fair value through profit or loss

The financial instruments held by the company include the following:

- Financial assets held at Fair value through profit or loss;
- Notes held at Fair value through profit or loss;
- Other receivables; and
- Other payables

Classification

In accordance with FRS 102, the Company has elected to adopt IAS 39 Financial Instruments: Recognition and Measurement. The Company designates all its investments into financial assets and liabilities at fair value through the profit or loss in accordance with FRS 102 and IAS 39. The category of financial assets and liabilities at fair value through profit or loss comprises:

- Financial instruments held for trading, these include all financial instruments, (as the bonds do not designate any derivatives as financial hedges) including futures, options, swaps, forward contracts, bond, CFD's and equities; and
- Financial instruments designated at fair value through profit or loss upon initial recognition: these include financial assets that are not held for trading purposes but which may be sold.

The financial assets are designated on the basis their fair value can be reliably measured, and their performance has been evaluated on a fair value basis in accordance with the risk management and/or investment strategy as set out in the Company's Prospectus.

The Company classifies its debt investments based on both the Company's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

The portfolio of financial assets is managed, and performance is evaluated on a fair value basis. The Company is primarily focused on fair value information and uses that information to assess the assets' performance and to make decisions.

The contractual cash flows of the Company's debt securities are solely principal and interest, however, these securities are neither held for the purpose of collecting contractual cash flows nor held both for collecting contractual cash flows and for sale. The collection of contractual cash flows is only incidental to achieving the Company's business model's objective.

Consequently, all investments are measured at fair value through profit or loss. The Company's policy requires the Manager and the Directors to evaluate the information about these financial assets on a fair value basis together with other related financial information.

The Company issued Notes to ZIC and ZLIC. The Notes are carried at fair value through profit or loss in accordance with the Company's accounting policies.

The Notes have fixed or determinable capital repayments. The Notes are quoted on The International Stock Exchange ("TISE").

Notes to the Financial Statements (continued)

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

Recognition, derecognition and measurement

Financial assets and liabilities at fair value through profit or loss are initially recognised at fair value. The accounting policy for transaction costs is disclosed in Note 1.1.

Financial assets and liabilities are derecognised when the rights to receive cash flows from the investments have expired or the Company has transferred substantially all risks and rewards of ownership. Subsequent to initial recognition, all financial assets at fair value through profit or loss are measured at fair value. The Notes are due to be redeemed on the final redemption date of 31 December 2067, or at an earlier date as agreed by the Company and the Note Holder in accordance with Clause 7 of the Note Subscription Agreements. The Company does not intend to redeem the Notes within the next 12 months

Gains and losses arising from changes in the fair value of the ‘financial assets at fair value through profit or loss’ and ‘financial liabilities at fair value through profit or loss’ categories are presented in the Statement of Comprehensive Income within 'net changes in fair value of financial assets at fair value through profit or loss’ and ‘net changes in fair value of financial liabilities at fair value through profit or loss’ in the year in which they arise. Interest income earned and interest expense incurred in relation to debt investments and the Notes respectively are reported as part of the net changes in fair value of financial assets and liabilities through profit or loss.

There is no coupon rate attached to the Notes. The interest payable on the Notes is entirely dependent on available revenues made by the Company in accordance with the Note Subscription Agreements and is recognised in the Statement of Comprehensive Income as net changes in fair value of financial liabilities at fair value through profit or loss. The Notes are a limited recourse obligation of the Company.

Financial assets and liabilities at fair value through profit or loss are inclusive of accrued interest.

Fair value estimation

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

Quoted prices or rates are used to determine fair values for listed securities where an active market exists. Fair values for debt securities are determined by the Manager using valuation techniques. Such valuation techniques may include discounted cash flows (based on the expected future cash flows discounted at an appropriate discount rate).

The inputs into the determination of fair value require significant management judgement. Due to the inherent uncertainty of these estimates, these values may differ materially from the values that might have resulted had a ready market for these investments existed. Investments that are included in this category generally are privately held debt securities.

The Manager uses the fair value debt securities based on Manager’s Mark-to-model as defined in the Investment Management Agreement (the “Mark-to-Model”). Fair value of the Notes are measured as fair value debt securities based on Manager’s Mark-to- Model less any operating expenses

Assets by Sector

As of 31 March 2022, the Company holds investments in social infrastructure and other public-private partnership (‘PPP’), transportation (non-public private partnership) and renewable energy across the United Kingdom and Europe, as per the below:

Sector	Percentage of Company Assets	
	2022	2021
Transportation	20%	23%
Renewables	64%	46%
Power & Energy	1%	-
Social Infrastructure and other PPP	15%	20%
Utilities	-	11%

Notes to the Financial Statements (continued)

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

The overarching impacts or risk factors considered in response to COVID-19 specific to the above sectors have been categorized below:

- The transportation investments have evidenced a material impact on revenue in the short-term due to lockdown and travel restrictions with significantly reduced passenger volumes, however the liquidity assessment of the underlying businesses indicate that no payment defaults or impairments are currently envisaged. By the end of the period the majority of COVID-19 travel restrictions had been lifted which was a positive signal for the path to recovery.

- The renewable energy investments could experience potential supply chain interruption over time when replenishing spare parts, however proactive inventory management mitigates this risk and this has not impacted the portfolio to date.

- The power and energy investments with residual commodity price exposure (beyond contractual structures and hedging in place) may require additional protection strategies in the event that fluctuations in (or depressed) commodity prices are prolonged.

- The social infrastructure and other PPP investments have evidenced limited impact on cash flows, where PPP project portfolios in particular remain well insulated due to the diverse sources of operating cashflow (even where a small number of demand projects might be held).

- The utilities investments have been resilient to date, however potential impacts in the medium to longer term would be driven by economic indicators such as rising inflation if natural or synthetic hedging is not in place to mitigate this risk. The arrears or bad debts profile at the customer level has not materially changed when compared to the pre-COVID period.

During the reporting period and as at 31 March 2022, no additional assets of the Company were placed on Credit Watch.

Financial assets at fair value through profit or loss.

As at the 31 March 2022, commitments to borrowers totalled £121.7 million (2021: £101.4 million), of which £110.7 million has been funded (2021: £101.4 million).

The following table shows a reconciliation from the opening balances to the closing balances for:

	£'000 31 March 2022	£'000 31 March 2021
Financial assets at fair value through profit or loss at beginning of the year	**105,711**	**84,969**
Purchase of debt investments	-	22,471
Repayment on debt investments	(16,732)	(2,889)
Interest income received from debt investments	(3,077)	(2,764)
Net changes in fair value of financial assets at fair value through profit or loss	(2,816)	3,924
Financial assets at fair value through profit or loss at end of the year	**83,086**	**105,711**
Unrealised gain on debt investments for the year	(5,812)	1,087
Accrued interest income on debt investments for the year	2,996	2,837
Total net changes in fair value of financial assets	**(2,816)**	**3,924**

The fair value movements are recognised in the Statement of Comprehensive Income as net changes in fair value of financial assets at fair value through profit and loss.

Notes to the Financial Statements (continued)

Financial liabilities at fair value through profit or loss.

	£'000 31 March 2022	£'000 31 March 2021
Financial liabilities at fair value through profit or loss at beginning of the year	**(106,733)**	**(85,936)**
Proceeds from issue of Notes	(3,349)	(22,747)
Repayment of Notes	4,540	3,094
Interest expense payments	2,416	2,170
Net changes in fair value of financial liabilities at fair value through profit or loss	3,312	(3,314)
Financial liabilities at fair value through profit or loss at end of the year	**(99,814)**	**(106,733)**
Unrealised loss on Notes for the year	5,893	(1,160)
Accrued interest expense on Notes for the year	(2,581)	(2,154)
Total net changes in fair value of financial liabilities	**3,312**	**(3,314)**

3. Other assets and liabilities

3.1 Receivables and prepayments

Receivables are initially recognised at fair value and measured subsequently at amortised cost using the effective interest rate method, less expected credit losses. The impairment model requires impairment allowances for all exposures from an asset's origination date, based on the deterioration of credit risk since initial recognition. If the credit risk is not deemed to have increased significantly, then the impairment allowance is based on 12 month expected losses. If the credit risk has increased significantly or if the asset becomes 'credit impaired' then allowances must be based on lifetime expected losses. As at 31 March 2022, expected credit losses on receivables were immaterial.

Prepayments are expenses for services paid for in advance.

	£'000 31 March 2022	£'000 31 March 2021
Amounts due from debt investments	382	-
Prepayments	11	2
Total receivables and prepayments	**393**	**2**

3.2 Payables and accrued expenses

Payables and accrued expenses are amounts owed in the ordinary course of business. They are classified as liabilities. They are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method. Payables and accrued expenses are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

	£'000 31 March 2022	£'000 31 March 2021
Amounts payable to related parties	162	88
Audit fees payable	111	111
Legal and professional fees payable	5	17
Total payables and accrued expenses	**278**	**216**

Notes to the Financial Statements (continued)

4. Capital and financial risk management

4.1 Share capital

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

	€'000 31 March 2022	€'000 31 March 2021
Authorised share capital		
100,000,000 Ordinary shares of €1 each	100,000	100,000
Allotted, Called and fully paid equity		
3 Ordinary shares of €1 each	-	-

4.2 Investment management fees

The Manager is entitled to an investment management fee calculated in accordance with the Investment Management Agreement. Investment management fees due to the Manager comprises of ongoing fees and origination fees.

Ongoing fees are calculated as 0.35% per annum of the value of assets under management, being the aggregate principal amount of all debt investments, less any principal repayments received and less any impairments recognised.

Origination fees are calculated as 0.5% of the face value (or purchase price) of each debt investment and are payable when the debt investment is entered into.

4.3 Financial risk management

The Company invests in debt issued by infrastructure borrowers located in a range of jurisdictions, which may include the United Kingdom and Europe. These activities expose it to a variety of financial risks: market risk (which may include interest rate risk and foreign currency risk), credit risk, liquidity risk and capital management risk.

Risk Management

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

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

Further details regarding these policies are set out below:

a. Market risk

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

Market risk embodies the potential for both gains and losses and includes interest rate risk, currency risk and price risk.

Notes to the Financial Statements (continued)

4.3 Financial risk management (continued)

a. Market risk (continued)

i. Interest rate risk

Interest rate risk is the risk borne by floating interest-bearing assets and liabilities due to variability of interest rates, where the amount of interest due in respect of investments may be adjusted to reflect increases or decreases in interest rates. The majority of the Company's financial assets are financial assets at fair value through profit or loss, receivables and cash and cash equivalents.

As at 31 March 2022 and 31 March 2021, the Company's loans advanced were issued at either a fixed interest rate or a floating interest rate. Loans advanced with a floating rate of interest will be exposed to changes in interest rates.

The interest rate exposure as at 31 March 2022 and 31 March 2021 is as follows:

	31 March 2022			
	£'000 Floating Rate	£'000 Fixed Rate	£'000 Non-interest bearing	£'000 Total
Financial assets at fair value through profit or loss	10,004	73,083	-	83,087
Total	**10,004**	**73,083**	**-**	**83,087**

	31 March 2021			
	£'000 Floating Rate	£'000 Fixed Rate	£'000 Non-interest bearing	£'000 Total
Financial assets at fair value through profit or loss	23,866	81,845	-	105,711
Total	**23,866**	**81,845**	**-**	**105,711**

Sensitivity analysis

The Directors consider 25 basis points appropriate for evaluating the interest rate risk to the Company. If interest rates changed by 25 basis points, with all other variables remaining constant, the effect on the interest income from debt investments in the period would be as follows:

	Reasonable possible shift in rate	£'000 31 March 2022	£'000 31 March 2021
Increase/(decrease) in interest income from financial assets at fair value due to movement in the interest rates	+/- .25%	3/(3)	0/(0)

ii. Foreign currency risk

Foreign currency risk, as defined in FRS 102, arises as the value of future transactions, recognised monetary assets and monetary liabilities denominated in other currencies fluctuate due to changes in foreign exchange rates. FRS 102 considers the foreign exchange exposure relating to non-monetary assets and liabilities to be a component of market price risk not foreign currency risk.

The Manager monitors the exposure on all foreign currency denominated assets and liabilities. The following table provides analysis between monetary and non-monetary items to meet the requirements of FRS 102.

The Company's policy is not to manage the Company's exposure to foreign exchange movements (both monetary and non-monetary) by entering into any foreign exchange hedging transactions.

When the Manager formulates a view on the future direction of foreign exchange rates and the potential impact on the Company, the Manager factors that into its portfolio allocation decisions.

Notes to the Financial Statements (continued)

4.3 Financial risk management (continued)

a. Market risk (continued)

ii. Foreign currency risk (continued)

The table below provides analysis of monetary assets and liabilities, denominated in a currency other than in GBP, to meet the requirements of FRS 102:

	31 March 2022			
Currency	£'000 Net Exposure	£'000 Monetary assets	£'000 Monetary liabilities	£'000 Non-Monetary assets
EUR	459	41,718	(41,259)	0
USD	(146)	-	(146)	0
Total	**313**	**41,718**	**(41,405)**	**0**

	31 March 2021			
Currency	£'000 Net Exposure	£'000 Monetary assets	£'000 Monetary liabilities	£'000 Non-Monetary assets
EUR	8,849	42,759	(33,910)	-
USD	(75)	-	(75)	-
Total	**8,774**	**42,759**	**(33,985)**	**-**

Sensitivity Analysis

The table below summarises the sensitivity of the Company's significant monetary assets and liabilities to changes in foreign exchange movements.

A 25 basis point increase or decrease in the foreign exchange rate as at 31 March will cause the value of the non-GBP denominated assets and liabilities to increase or decrease by:

Currency	Reasonable possible shift in rate	£'000 31 March 2022	£'000 31 March 2021
EUR	+/- .25%	1/(1)	22/(22)
USD	+/- .25%	-/(-)	-/(-)
Total		**1/(1)**	**22/(22)**

In accordance with the Company's policy, the Manager monitors the Company's monetary and non-monetary foreign exchange exposure on a continual basis

Notes to the Financial Statements (continued)

Financial risk management (continued)

b. Credit risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Company, resulting in a financial loss to the Company. It arises principally from debt securities held, cash and cash equivalents and receivables.

The maximum exposure to credit risk before any credit enhancements at each reporting date is the carrying amount of the financial assets as set out below.

	£'000 31 March 2022	£'000 31 March 2021
Financial assets at fair value through profit or loss	83,086	105,711
Cash and cash equivalents	393	1,239
Receivables and prepayments	16,617	2
Closing balance	**100,096**	**106,952**

None of these assets are past due as at 31 March 2022.

To mitigate credit risk, the Company will only target debt investments which are rated MR8 (which is broadly equivalent to an S&P BBB- rating) or above by the Manager's internal ratings template. The Company's bankers have an S&P A+ rating (Long-Term).

During the reporting period and as at 31 March 2022, no additional assets of the Company were placed on Credit Watch, (2021: two investments were on the Credit Watch). The Credit Watch process is used to drive additional monitoring and scrutiny, increased escalation for waiver approvals and increased reporting to the MIDIS Investment Committee.

All debt investments are subject to recurring reviews and assessments for possible impairment by the Manager's Investment Team. Where there is a deteriorating credit risk profile, debt investments may be placed on Credit Watch, being the Manager's designation for increased monitoring on specific loans and reported to the Manager's Investment Committee.

c. Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivery cash or another financial asset. This risk is mitigated as the Company has the ability to call on undrawn commitments from the Notes issued to ZIC and ZLIC.

The Company's policy and the Manager's approach to manage liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company invests in infrastructure debt investments which in nature are highly illiquid. As a result the Company may not be able to liquidate some of its investments in these instruments in due time to meet its liquidity requirements. Contractual maturity of trade and other payables at the reporting date is under 12 months.

The table below analyses the Company's financial liabilities into relevant maturity groupings based on the remaining period at the Statement of Financial Position date to the contractual maturity date. The amounts in the table are the contractual undiscounted cash flows. Balances due within twelve months equal their carrying balances, as the impact of discounting is not significant.

Notes to the Financial Statements (continued)

4.3 Financial risk management (continued)

c. Liquidity risk (continued)

The liquidity risk exposure of the Company as at 31 March 2022 and 31 March 2021 are as follows:

	31 March 2022			
	£'000 Less than 3 months	£'000 Between 3 months and 1 year	£'000 Between 1 year and 5 years	£'000 More than 5 years
Financial liabilities at fair value through profit or loss	-	-	(892)	(98,922)
Payables and accrued expenses	-	(116)	-	-
Amount due to related party	-	(162)	-	-
Total	**-**	**(278)**	**(892)**	**(98,922)**

	31 March 2021			
	£'000 Less than 3 months	£'000 Between 3 months and 1 year	£'000 Between 1 year and 5 years	£'000 More than 5 years
Financial liabilities at fair value through profit or loss	-	-	(727)	(106,006)
Payables and accrued expenses	-	(128)	-	-
Amount due to related party	-	(88)	-	-
Total	**-**	**(216)**	**(727)**	**(106,006)**

d. Capital management risk

The capital of the Company is represented by the net assets attributable to the Equity shareholder. The Company's capital management objective is to ensure that the Company will be able to continue as a going concern.

In accordance with the Company's investment policy, the Company's principal use of cash has been to fund investments in the form of loans sourced by the Manager. The Company monitors and reviews the broad structure of the Company's capital on an on-going basis.

The Company has no imposed capital requirements and the Company's capital comprises of Equity Shareholders' Funds as reported within the Statement of Financial Position. The Company's capital comprises:

	£'000 31 March 2022	£'000 31 March 2021
Ordinary share capital*	-	-
Retained earnings	4	3
Total equity	**4**	**3**

*The share capital amounts to £1.

Notes to the Financial Statements (continued)

5. Fair value measurement

Fair value reflects the price that would be received to sell the asset or paid to transfer the liability in orderly transaction between market participants at the measurement date. Quoted prices or rates are used to determine fair value where an active market exists. If the market for a financial instrument is not active, fair values are estimated using present value or other valuation techniques, using inputs based on market conditions prevailing on the measurement date.

The values derived from applying these techniques are affected by the choice of valuation model used and the underlying assumptions made regarding inputs such as timing and amount of future cash flows, discount rates, credit risk, volatility and correlation.

The Company under FRS 102 is required to classify fair value measurements for Funds using a fair value hierarchy that categorises into three levels the inputs to valuation techniques used to measure fair value. The fair value hierarchy gives the highest priority to quoted prices (unadjusted) in active markets for identical assets or liabilities (Level I input) and the lowest priority to unobservable inputs (Level Ill inputs). Market price observability is impacted by a number of factors, including the type of investment and the characteristics specific to the investment.

Investments with readily available active quoted prices, either for the identical instrument or similar instruments, generally will have a higher degree of market price observability and a lesser degree of judgement used in measuring fair value.

In accordance with FRS 102, Fair value measurement, the Company is required to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

Level 1

Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company can access at measurement date.

Level 2

Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices including interest rates, yield curves, volatilities, prepayment speeds, credit risks and default rates) or other market corroborated inputs.

Level 3

Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

The following table analyses the fair value hierarchy of the Company's assets and liabilities (by class) measured at fair value:

As at 31 March 2022	£'000 Level 1	£'000 Level 2	£'000 Level 3	£'000 Total
Assets				
Financial assets at fair value through profit or loss	-	-	83,086	83,086
Total	**-**	**-**	**83,086**	**83,086**
Liabilities				
Financial liabilities at fair value through profit or loss	-	-	(99,814)	(99,814)
Total	**-**	**-**	**(99,814)**	**(99,814)**

Notes to the Financial Statements (continued)

5. Fair value measurement (continued)

As at 31 March 2021	£'000 Level 1	£'000 Level 2	£'000 Level 3	£'000 Total
Assets				
Financial assets at fair value through profit or loss	-	-	105,711	105,711
Total	**-**	**-**	**105,711**	**105,711**
Liabilities				
Financial liabilities at fair value through profit or loss	-	-	(106,733)	(106,733)
Total	**-**	**-**	**(106,733)**	**(106,733)**

The carrying value of receivables and prepayments, cash and cash equivalents and payables and accrued expenses is deemed to be equivalent to their fair value.

The financial liabilities at fair value through profit or loss issued to ZIC and ZLIC is not valued at the ISE quoted loan note prices due to the Directors believing there is not sufficient liquidity in this market to provide a reliable valuation. The fair value of the Notes is determined as detailed per
Note 2.2.

The fair value of all debt investments is measured in whole or in part using a discounted cash flow technique that is based an assumed valuation spread of between 1-4%. There are no readily observable current market transactions in the same instruments.

The below table presents the effect of changing this assumption based on reasonable possible alternative assumptions.

31 March 2022	£'000 Fair Value	Unobservable Inputs	Reasonable possible shift +/-	£'000 Change in valuation +/-
Debt investments	83,086	Valuation spread	50bps	3,821/(3,821)

31 March 2021	£'000 Fair Value	Unobservable Inputs	Reasonable possible shift +/-	£'000 Change in valuation +/-
Debt investments	105,711	Valuation spread	50bps	3,154/(3,154)

The Directors, in conjunction with the Manager, have incorporated an assessment of the impact of COVID-19 on each new investment opportunity for the portfolio and this is reviewed on a regular basis post transaction execution to identify where heightened monitoring might be required paying particular attention to operating performance and financial covenants.

The air, rail and road sectors have faced the most challenging operating conditions, however the structural protections in place within the financing documentation and the available liquidity reserves have meant that the borrowers have continued to meet their payment obligations and the investments in the portfolio in these sectors remain insulated from any deviation in the repayment profile to date.

Commodity price volatility was also monitored closely, paying particular attention to the downside, however the assets within the portfolio across the power, gas and renewables sectors have revenue and/or cost protection mechanisms in place to mitigate against a material portion of this risk. Where some commodity price exposure remains, this is being monitored closely, however this has not resulted any financial covenant breaches to date, nor the borrower's ability to service their financing obligations.

More broadly, supply chains and the economic environment and corresponding assumptions are also being monitored with proactive strategies to mitigate associated risks implemented where available.

Notes to the Financial Statements (continued)

5. Fair value measurement (continued)

To assess any potential change in the underlying credit quality of each asset a credit rating assessment is performed annually (at minimum). In light of COVID-19 a rating review of each asset on Credit Watch as a result of COVID-19 impacts was undertaken outside of the annual cycle to factor in the impact of the actual results to the point of review (with a meaningful data set) and incorporating the forecast operating position based on a revised recovery profile.

For the majority of assets, short-term shocks do not materially impact the view of the fundamental credit position so long as they have sufficient liquidity to meet their short-term business needs. The Directors, in conjunction with the Manager, consider macroeconomic shocks when underwriting these assets and the credit ratings assigned are based on a view which allows for variation through a normal business cycle. However, the reduction in the global economic activity that has been experienced in response to COVID-19 is unprecedented and therefore in some cases this has resulted in a downgrade of the rating.

The valuation of financial assets at fair value through profit or loss incorporates the Manager's best judgement of the impacts of COVID-19. The severity and duration of the impacts of COVID-19 and the trajectory of economic recovery has improved following the financial year end to which the financial statements relate, however potential COVID-19 impacts remain under review.

6. Taxation

The Company's current tax comprises the expected tax payable on the taxable income for the year and any adjustments to the tax payable in respect of the previous year. The amount of current tax payable is the best estimate of the tax amount expected to be paid that reflects uncertainty related to income taxes, if any. The Company's liability for current tax is calculated using tax rates and laws that have been enacted or substantively enacted at the end of reporting period date.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of reporting period date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised where it is probable that future taxable profit will be available against which the temporary differences can be utilised.

	£'000 31 March 2022	£'000 31 March 2021
Current taxation		
Irish corporation tax for financial year on ordinary activities	-	(1)
Total current taxation[1]	-	(1)
Total tax charge for the financial year	**-**	**(1)**

(1) Current taxation less than 1,000

The current tax charge for the financial period is calculated based on the result for the financial period at a rate of 25%. A reconciliation of the current tax charge for the period to the current charge that would result from applying the standard rate of Irish corporation tax to profit on ordinary activities is shown below:

	£'000 31 March 2022	£'000 31 March 2021
Operating profit for the year before tax	**1**	**1**
Current tax at 25%	-	(1)
Total current tax charge	**-**	**1**

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

Notes to the Financial Statements (continued)

7. Other disclosures

7.1 Related party transactions

Investment Manager

The Manager is a related party of the Company, being responsible for certain investment advisory and management decisions.

The below table provides details on the Company's fee incurred/payable during the year:

	£'000 31 March 2022	£'000 31 March 2021
Investment management fee incurred	300	279
Investment management fee payable	147	75

The Administrator

The Administrator is a related party of the Company, being responsible for providing director services, certain administration, registrar and accounting services. The below table provides details on the Company's fee incurred/payable during the year:

	£'000 31 March 2022	£'000 31 March 2021
Administration fee incurred	53	52
Administration fee payable	15	13

Securitisations Guernsey Limited

The Company is a wholly owned subsidiary of Acorn Investments Limited, a privately-owned company. In the opinion of the Directors, there is no ultimate controlling party of the Company.

7.2 Employees and Directors

The Company did not have any employees during the financial year.

In relation to all Directors who held office during the year and in accordance with sections 305 to 312 of the Companies Act, 2014 no director fees were incurred for the financial year as all Directors were employees of the Administrator and their services were provided as part of the wider agreement in place with the Administrator.

7.3 Events occurring after the reporting period

The Directors will assess the ongoing situation on a regular basis and ensure all risks are mitigated to a minimum to effectively protect the company's investments from any adverse fluctuations and safeguard the company's going concern status.

Since balance sheet date, the COVID-19 pandemic has continued to evolve and may have an impact on specific areas of judgement required for preparing these financial statements. The Company has continued to re-evaluate the significant inputs used to drive the fair value of financial assets on a regular basis up to the date of this report. Based on these evaluations, the Company has determined there are no material events which would require disclosure or adjustment in the financial statements.

On 06 April 2022 the Company called €7,686,913 from ZIC and €6,902,838 from ZLIC under the Notes. On 07 April 2022 the Company used the proceeds from the Notes to fund an investment in Dunkerque LNG Holding SAS.

On 13 April 2022 the Company called €3,235,842 from ZIC and €6,009,421 from ZLIC under the Notes. On 20 April 2022 the Company used the proceeds from the Notes to fund an investment in Fjord 1 AS.

On 12 May 2022 the Company called €4,550,000 from ZIC and €8,450,000 from ZLIC under the Notes. On 13 May 2022 the Company used the proceeds from the Notes to fund an investment in Channel Link Enterprise Finance plc - Tranche A11.

For more information, please contact:

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