# TRINITY INVESTMENTS DESIGNATED ACTIVITY COMPANY

## FINANCIAL STATEMENTS

## FOR THE YEAR ENDED DECEMBER 31, 2020

## REGISTERED NUMBER: 535698

**FINANCIAL STATEMENTS**
**For the year ended December 31, 2020**

**TABLE OF CONTENTS** **PAGE**


| | |
|---|---|
| COMPANY INFORMATION | 2 |
| DIRECTORS' REPORT | 4 |
| INDEPENDENT AUDITOR'S REPORT | 8 |
| STATEMENT OF FINANCIAL POSITION | 15 |
| STATEMENT OF COMPREHENSIVE INCOME | 16 |
| STATEMENT OF CHANGES IN EQUITY | 17 |
| STATEMENT OF CASH FLOWS | 18 |
| NOTES TO THE FINANCIAL STATEMENTS | 19 |
| OTHER INFORMATION*<br>FINANCIAL STATEMENTS OF HESTIA INVESTMENTS DESIGNATED ACTIVITY COMPANY, CUMBERLAND INVESTMENTS DESIGNATED ACTIVITY COMPANY, MARE FINANCE INVESTMENT HOLDINGS DESIGNATED ACTIVITY COMPANY, BLASKET INVESTMENTS DESIGNATED ACTIVITY COMPANY, THALIA INVESTMENTS DESIGNATED ACTIVITY COMPANY & SKOMER INVESTMENTS DESIGNATED ACTIVITY COMPANY | Attached |


*Other information does not form part of the financial statements.

## COMPANY INFORMATION

| | |
|---|---|
| BOARD OF DIRECTORS | Anke Moran<br>Alan Geraghty *<br>Roger McGreal *<br><br>** Non-executive Director* |
| REGISTERED ADDRESS | Fourth Floor,<br>3 George's Dock,<br>IFSC,<br>Dublin 1,<br>Ireland. |
| INVESTMENT MANAGER | (Prior to January 7, 2020)<br>Attestor Capital LLP<br>7 Seymour Street,<br>London, W1H 7JW,<br>England.<br><br>(January 7, 2020 to Present)<br>Attestor Limited<br>7 Seymour Street<br>London, W1H 7JW,<br>England. |
| ADMINISTRATOR | Citco Fund Services (Cayman Islands) Limited<br>89 Nexus Way, Second Floor,<br>Camana Bay,<br>PO Box 31105,<br>Grand Cayman, KY1-1205,<br>Cayman Islands. |
| SUB-ADMINISTRATOR | Citco Fund Services (Ireland) Limited<br>Custom House Plaza, Block 6,<br>International Financial Services Centre,<br>Dublin 1,<br>Ireland. |
| CUSTODIAN | Wilmington Trust National Association<br>Suite 2R,<br>166 Mercer Street,<br>New York, NY 10012,<br>United States of America. |

## COMPANY INFORMATION (Continued)

| | |
|---|---|
| NOTE TRUSTEE AND SECURITY TRUSTEE | Wilmington Trust (London) Limited<br>Third Floor,<br>1 King's Arms Yard,<br>London, EC2R 7AF,<br>England. |
| SHARE TRUSTEE | Ocorian Corporate Trustees (Ireland) Limited<br>Unit 3,<br>52-55 Sir John Rogerson's Quay,<br>Dublin 2,<br>Ireland |
| PAYING AGENT | Wilmington Trust (London) Limited<br>Third Floor,<br>1 King's Arms Yard,<br>London, EC2R 7AF,<br>England. |
| LEGAL ADVISORS<br>*(In Ireland)* | A&L Goodbody<br>International Financial Services Centre,<br>North Wall Quay,<br>Dublin 1,<br>Ireland. |
| *(In England)* | Shearman & Sterling (London) LLP<br>9 Appold Street,<br>London, EC2A 2AP,<br>England. |
| AUDITOR | Ernst & Young<br>Chartered Accountants,<br>Harcourt Centre,<br>Harcourt Street,<br>Dublin 2,<br>Ireland. |
| SECRETARY | Wilmington Trust SP Services (Dublin) Limited<br>Fourth Floor,<br>3 George's Dock,<br>IFSC,<br>Dublin 1,<br>Ireland. |

## DIRECTORS' REPORT
**For the year ended December 31, 2020**

The Directors present their Directors' report herewith the audited financial statements of Trinity Investments Designated Activity Company (the "Company") for the year ended December 31, 2020.

*PRINCIPAL ACTIVITIES AND BUSINESS REVIEW*

The investment objective of the Company is to achieve capital growth without undue risk to principal by generally investing primarily in distressed debt, credit, special opportunities and other opportunistic investments with a European focus.

Attestor Limited (the "Investment Manager"), a Limited company incorporated in England and Wales, is the investment manager of the Company. On January 7, 2020, Attestor Capital LLP was replaced by Attestor Limited as Investment Manager. The Investment Manager is responsible for identifying investment opportunities and monitoring the performance of the assets of the Company.

*RESULTS AND DIVIDENDS*

The results for the year are shown in the Statement of Comprehensive Income on page 16. The Company did not pay a dividend in 2020 (2019: Nil).

*PRINCIPAL RISKS AND UNCERTAINTIES*

The Company's investment approach may include investing in the following categories of investment opportunities:

- Bankruptcies, liquidations and other complex situations;
- Restructuring situations;
- Distressed debt issued by non-financial corporates;
- Distressed debt issued by financial services companies; and
- Special situations and/or other opportunistic investments.

Investments in the above listed categories involve specific risks. For example (and without limitation), the Company's investments may be non-interest bearing, unsecured, and/or subordinated to the rights of other claimants. The Company is also exposed to market and liquidity risks. Further details of the risks facing the Company are included in Note 5 to the financial statements.

*FUTURE DEVELOPMENTS*

The Directors will continue to seek new opportunities for the Company and will continue to oversee the management of its current portfolio of assets.

*DIRECTORS AND SECRETARY APPOINTMENTS*

The current Directors are as stated on page 2 and unless otherwise indicated served throughout the entire year up to the date of approval of these financial statements.

**DIRECTORS' REPORT (Continued)**
**For the year ended December 31, 2020**

*DIRECTORS' AND SECRETARY'S INTERESTS IN SHARES*

The Directors and Secretary of the Company who held office as at December 31, 2020 had no direct or beneficial interest in the shares, share options or deferred shares or debentures of the Company or any other Group company at the beginning or end of the financial year, with the exception of Anke Moran who held shares in Attestor Value Fund Limited. (In 2019, this was with the exception of Anke Moran, who was a Director in 2019 and simultaneously held shares in Attestor Value Fund Limited).

*TRANSACTIONS INVOLVING DIRECTORS*

There were no transactions involving Directors during the year ended December 31, 2020 (December 31, 2019: none).

*GOING CONCERN*

The Directors have made an assessment of the Company's ability to continue as a going concern and are satisfied that the Company has the resources to continue in business for the foreseeable future. Furthermore, the Directors are not aware of any material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern. Therefore, the financial statements are prepared on the going concern basis.

*POLITICAL DONATIONS*

The Company made no political donations during the year ended December 31, 2020 (December 31, 2019: none).

*IMPORTANT EVENTS SINCE THE YEAR END*

Subsequent to year end, the Company issued loan notes of USD84,965,907 value (2019: USD95,952,067) and redemptions of loan notes of USD192,145,798 value (2019: USD88,476,608).

In relation to the restructuring process contingency at December 31, 2020, the Company funded USD40,921,613 equivalent on February 23, 2021 to extinguish its related commitments in full. For more details please see Note 14.

There are no other subsequent events that require adjustment to or disclosure in the financial statements.

*AUDIT COMMITTEE*

The Company did not have an audit committee in place during the year ended December 31, 2020, since the Board has in place policies and procedures to ensure the Board complies with its responsibilities relating to financial reporting, risk assessment and internal control as detailed on the following pages.

**DIRECTORS' REPORT (Continued)**
**For the year ended December 31, 2020**

*DIRECTORS' RESPONSIBILITIES STATEMENT*

The Directors are responsible for preparing the Directors' Report and the financial statements in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union ("EU") and with those parts of the Companies Acts 2014 applicable to companies reporting under IFRS.

Irish company law requires the Directors to prepare financial statements for each financial year which 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 year. In preparing those 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 that the financial statements comply with IFRS as adopted by EU and in accordance with the Companies Act 2014; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records which disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements are prepared in accordance with applicable accounting standards and that the financial statements and the Director's report comply with the provisions of the Companies Acts 2014. They 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.

*ACCOUNTING RECORDS*

The Directors are responsible for ensuring that adequate accounting records as outlined in Section 281 to 285 of the Companies Act 2014 are kept by the Company. The Directors have appointed the Administrator to ensure compliance with those requirements. The accounting records of the Company are maintained at the office of the Sub-Administrator.

*COMPLIANCE STATEMENT*

The Directors acknowledge that they are responsible for securing the Company's compliance with the relevant obligations as set out in section 225 of the Companies Act 2014. The Directors confirm that:

1) A compliance policy document has been drawn up that sets out policies, that in our opinion are appropriate to the Company, respecting compliance by the Company with its relevant obligations;

2) Appropriate arrangements or structures are in place that are, in our opinion, designed to secure material compliance with the Company's relevant obligations; and

3) During the financial year, the arrangements or structures referred to in (2) have been reviewed.

**DIRECTORS' REPORT (Continued)**
**For the year ended December 31, 2020**

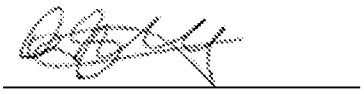
*DISCLOSURE OF INFORMATION TO AUDITOR*

So far as each person who was a Director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow Directors and the Company's auditor, each Director has taken all the steps that he is obliged to take as a Director in order to make himself aware of any relevant audit information and to establish that the auditor is aware of that information.

*AUDITOR*

In accordance with Section 383 (2) of the Companies Act 2014, the auditor, Ernst & Young, Chartered Accountants, will continue in office.

On behalf of the Directors:



Alan Geraghty
Director



Roger McGreal
Director




## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TRINITY INVESTMENTS DESIGNATED ACTIVITY COMPANY

### Opinion

We have audited the financial statements of Trinity Investments Designated Activity Company (the "Company") for the year ended 31 December 2020, which comprise the Statement of Financial Position, Statement of Comprehensive Income, Statement of Changes in Equity, Statement of Cash Flows and notes to the financial statements, including the summary of significant accounting policies set out in note 2. The financial reporting framework that has been applied in their preparation is the International Financial Reporting Standards (IFRS) as adopted by European Union as applied in accordance with the provisions of the Companies Act 2014.

In our opinion the financial statements:

- give a true and fair view of the assets, liabilities and financial position of the Company as at 31 December 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with IFRS as adopted by European Union; and
- have been properly prepared in accordance with the requirements of the Companies Act 2014.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (Ireland) (ISAs (Ireland)) and applicable law. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with ethical requirements that are relevant to our audit of financial statements in Ireland, including the Ethical Standard issued by the Irish Auditing and Accounting Supervisory Authority (IAASA) as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Conclusions relating to going concern

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

- Confirming our understanding of management's Going Concern assessment process and engaging with management to consider if all key factors were addressed in their assessment;
- Obtaining the directors' going concern assessment, including their assessment of the Company's liquidity, review of the Company's capital activity and the ability of key service providers to continue to support the Company's operations; and
- Reviewing the key factors included in this assessment together with supporting documentation and evidence.






### Conclusion

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 when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Company's ability to continue as a going concern.

### Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our 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) that we identified, 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 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.

| Risk | Our response to the risk | Key observations communicated to the Board of Directors |
|---|---|---|
| **Valuation of Level 3 investments**<br><br>At the year-end, the Company held certain Level 3 financial assets. These financial assets have been included as Level 3 securities within Note 3 to the financial statements. The valuation techniques applied in valuing financial assets recorded at a fair value of US$1,795 million (2019: US$1,641 million) as at year-end involved the use of valuation models developed by the Company and external valuation agents appointed by the Company; recent transaction values; single broker quotes and/or cost as a proxy for fair value. In valuing these financial assets, management utilised inputs and techniques that were not readily observable. | Due to higher estimation uncertainty and associated significant risk in the valuation of these Level 3 financial assets, we focused our audit procedures on the assessment of fair value techniques and assumptions adopted by the Company and their specialist in deriving the year end valuations of these financial assets.<br><br>In order to obtain sufficient audit evidence so as to provide reasonable assurance that the fair value measurements and disclosures were in conformity with IFRS requirements, we performed the following procedures:<br><br>• Reviewed the Company's processes over the valuation of Level 3 financial assets.<br>• Where applicable, we obtained the Company's individual valuation models (including those valued at cost as a proxy for fair value) and the latest independent valuation report from the Company's valuation specialist, reviewing the key inputs used for reasonableness. | Our planned audit procedures were completed without material exception. |

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TRINITY INVESTMENTS DESIGNATED ACTIVITY COMPANY (Continued)**

| Risk | Our response to the risk | Key observations communicated to the Board of Directors |
|---|---|---|
| Due to the higher estimation uncertainty associated with valuing these financial assets, the audit team assessed the inherent risk as higher and deemed valuation to be a Significant risk. | • Reviewed and challenged the appropriateness of the valuation models and methodologies utilised together with the key assumptions used across both management's internal valuation analysis and the independent specialist's valuation report.<br>• Where single broker quotes or recent transaction values were utilised, we obtained the broker quote independently of management and executed additional testing procedures to assess the reasonability of the values utilised by the Company by obtaining and reviewing corroborative information provided including, but not limited to, prices of comparable securities and/or recent trades for these position types. | |
| **Existence of positions held outside a financial custodian/counterparty network**<br><br>As at the year-end, the Company held positions outside of a recognised custodian or recognised financial counterparty. The value of these positions as at year end was US$2,046 million (2019: US$1,625 million).<br><br>We have considered existence and ownership of such positions, as a key audit matter as it is a key driver of the Companys' performance and net asset value. | We have performed the following procedures:<br>• Independently obtained confirmation from relevant brokers, administrators and liquidators including claims portals/websites managed by the underlying administrator in insolvency.<br>• Obtained supporting documentation and evidence from management and performed additional audit procedures to corroborate this information. The type of additional information obtained and reviewed by EY included, but was not limited to, obtaining copies of trade confirmations/agreements, obtaining and reviewing the purchases and sales listing and corresponding bank statements for transactions in such positions, obtaining underlying agreements from Counterparties from whom the Company purchased investments from and other relevant information, as required. | Our planned audit procedures were completed without material exception. |






### Our application of materiality

We apply the concept of materiality in planning and performing the audit, in evaluating the effect of identified misstatements on the audit and in forming our audit opinion.

### Materiality

Materiality is the magnitude of an omission or misstatement that, individually or in the aggregate, could reasonably be expected to influence the economic decisions of the users of the financial statements. Materiality provides a basis for determining the nature and extent of our audit procedures.

We determined materiality for the Company to be US$69 million (2019: US$54 million), which is 2% (2019: 2%) of the market value of Profit Participating Notes (PPNs) issued. We believe that the market value of PPNs provides us with the most appropriate basis for materiality having considered the expectation of users of these financial statements and the overall business environment.

### Performance materiality

Performance materiality is the application of materiality at the individual account or balance level. It is set at an amount to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality.

On the basis of our risk assessments, together with our assessment of the Company's overall control environment, our judgement was that performance materiality was 75% (2019: 75%) of our planning materiality, namely USD$52 million (2019: US$40.5 million). We have set performance materiality at this percentage due to our knowledge of the entity and the industry, the effectiveness of the control environment and our assessment of the risks associated with the engagement.

### Reporting threshold

Our reporting threshold is an amount below which identified misstatements are considered as being clearly trivial.

We agreed with the Board of Directors that we would report to them all uncorrected audit differences in excess of USD$3.5 million (2019: US$2.7 million), which is set at 5% of planning materiality, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds.

We evaluate any uncorrected misstatements against both the quantitative measures of materiality discussed above and in light of other relevant qualitative considerations in forming our opinion.






### Tailoring the scope

Our assessment of audit risk, our evaluation of materiality and our allocation of performance materiality determine our audit scope for the Company. This enables us to form an opinion on the financial statements. We take into account size, risk profile, the organisation of the Company and effectiveness of controls, including controls and changes in the business environment when assessing the level of work to be performed. All audit work was performed directly by the audit engagement team.

### *Other information*

The directors are responsible for the other information. The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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 such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in 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 in this regard.

### *Opinions on other matters prescribed by the Companies Act 2014*

In our opinion, based solely on the work undertaken in the course of the audit, we report that:

- the information given in the directors' report is consistent with the financial statements; and
- the directors' report have been prepared in accordance with applicable legal requirements.

We have obtained all the information and explanations which, to the best of our knowledge and belief, are 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 and the financial statements are in agreement with the accounting records.

### *Matters on which we are required to report by exception*

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

The Companies Act 2014 requires us to report to you if, in our opinion, the disclosures of directors' remuneration and transactions required by sections 305 to 312 of the Act, which relate to disclosures of directors' remuneration and transactions are not complied with by the Company. We have nothing to report in this regard.

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## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TRINITY INVESTMENTS DESIGNATED ACTIVITY COMPANY (Continued)

### *Respective responsibilities*

### *Responsibilities of directors for the financial statements*

As explained more fully in the directors' responsibilities statement set out on page 6, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and 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 going concerns, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

### *Auditor's 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 auditor's 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.

A further description of our responsibilities for the audit of the financial statements is located on the IAASA's website at: http://www.iaasa.ie/getmedia/b2389013-1cf6-458b-9b8f-a98202dc9c3a/Description_of_auditors_responsibilities_for_audit.pdf.

This description forms part of our auditor's report.

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

Our report is made solely to the Company's members, as a body, in accordance with section 391 of the Companies Act 2014. Our audit work has been undertaken so that we might state to the directors 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 the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Aidan Tiernan
for and on behalf of
Ernst & Young Chartered Accountants and Statutory Audit Firm

Dublin

31 March 2021

## STATEMENT OF FINANCIAL POSITION
**As at December 31, 2020**

| | Note | *2020 USD* | *2019 USD* |
|---|---|---|---|
| **Non-current assets** | | | |
| Financial assets at fair value through profit or loss | 2(f),3 | 443,724,429 | 396,484,706 |
| **Current assets** | | | |
| Cash and cash equivalents | 2(i),5 | 211,088,855 | 175,664,676 |
| Financial assets at fair value through profit or loss | 2(f),3,4 | 2,890,780,376 | 2,193,304,235 |
| Interest receivable | 2(k) | 6,546,965 | 32,597,562 |
| Amounts due from brokers | 2(o),7 | 132,456,009 | 4,665,330 |
| Other assets | | 421,310 | 1,677,408 |
| **Total assets** | | 3,685,017,944 | 2,804,393,917 |
| **Non-current liabilities** | | | |
| Profit participating notes at fair value through profit or loss | 2(p),3 | (3,469,600,294) | (2,701,511,237) |
| **Current liabilities** | | | |
| Financial liabilities at fair value through profit or loss | 2(f),3,4 | (542,859) | – |
| Amounts due to brokers | 2(o),7 | (205,989,142) | (76,251,345) |
| Investment management fees payable | 10 | (5,676,318) | (4,510,064) |
| Legal fees payable | | (937,640) | (263,529) |
| Audit fees payable | | (48,868) | (147,818) |
| Tax fees payable | | (308,221) | (213,681) |
| Other payables | | (1,897,480) | (21,481,371) |
| **Total liabilities** | | (3,685,000,822) | (2,804,379,045) |
| **Net assets** | | 17,122 | 14,872 |
| **Equity** | | | |
| Share capital | 9 | 1,372 | 1,372 |
| Retained earnings, beginning | | 13,500 | 11,250 |
| Net increase in shareholders' equity resulting from operations | | 2,250 | 2,250 |
| **Total equity** | | 17,122 | 14,872 |

Approved by the Directors on March 24, 2021

Alan Geraghty
Director

Roger McGreal
Director

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

## STATEMENT OF COMPREHENSIVE INCOME
**For the year ended December 31, 2020**

| | Note | *2020 USD* | *2019 USD* |
|---|---|---|---|
| **Income** | | | |
| Dividend income | 2(l) | 44,476,220 | 5,110,489 |
| Interest income | 2(k) | 81,255,314 | 42,305,215 |
| Net foreign exchange gains | | 4,426,820 | 2,050,037 |
| Net gain on financial assets at fair value through profit or loss | 8 | 295,754,943 | 139,912,348 |
| Other income | | 9,378,093 | 6,024,869 |
| Periodic loss amount on profit participating notes | 2(p) | (362,108,945) | (130,070,132) |
| **Total income** | | 73,182,445 | 65,332,826 |
| **Operating expenses** | | | |
| Interest expense | 2(k) | (529,094) | (249,208) |
| Investment management fees | 10 | (58,440,212) | (55,102,597) |
| Custody fees | | (119,963) | (329,335) |
| Administration fees | | (16,226) | (116,637) |
| Audit fees | 10 | (139,782) | (176,689) |
| Legal fees | 10 | (6,145,210) | (3,713,235) |
| Bank and broker expenses | | (428,409) | (363,866) |
| Other expenses | 2(m),10 | (7,360,549) | (5,278,259) |
| **Total operating expenses** | | (73,179,445) | (65,329,826) |
| **Operating profit before tax** | | 3,000 | 3,000 |
| Tax on profit | 2(n),11 | (750) | (750) |
| **Profit after tax** | | 2,250 | 2,250 |
| **Net increase in shareholders' equity resulting from operations** | | 2,250 | 2,250 |

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

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

| | *Share Capital USD* | *Retained Earnings USD* | *Total Equity USD* |
|---|---|---|---|
| **Balance as at January 1, 2019** | 1,372 | 11,250 | 12,622 |
| Net increase in shareholders' equity resulting from operations | – | 2,250 | 2,250 |
| **Balance as at December 31, 2019** | 1,372 | 13,500 | 14,872 |
| Net increase in shareholders' equity resulting from operations | – | 2,250 | 2,250 |
| **Balance as at December 31, 2020** | 1,372 | 15,750 | 17,122 |

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

## STATEMENT OF CASH FLOWS
**For the year ended December 31, 2020**

| | Note | *2020 USD* | *2019 USD* |
|---|---|---|---|
| **Cash flows from operating activities:** | | | |
| Operating profit before tax | | 3,000 | 3,000 |
| **Adjustments to reconcile profit for the year to net cash provided by/(used in) operating activities:** | | | |
| Financial assets at fair value through profit or loss* | 2(f),3,4 | (739,277,086) | (123,470,303) |
| Amounts due from brokers | 2(o),7 | (127,790,679) | (4,665,330) |
| Interest receivable | 2(k) | 26,050,597 | (28,837,346) |
| Other assets | | 1,256,098 | (531,087) |
| Tax paid on profit | 2(n),11 | (750) | (750) |
| Periodic return/(loss) amount on profit participating notes | 2(p),3 | 362,108,945 | 130,070,132 |
| Financial liabilities at fair value through profit or loss | 2(f),3,4 | 542,859 | (355,038) |
| Investment management fees payable | 10 | 1,166,254 | 234,057 |
| Legal fees payable | | 674,111 | (664,706) |
| Audit fees payable | | (98,950) | 104,493 |
| Other payables | | (19,583,891) | 20,396,028 |
| Tax fees payable | | 94,540 | 56,514 |
| Amounts due to brokers | 2(o),7 | 129,737,797 | 48,548,041 |
| **Net cash (used in)/provided by operating activities** | | (365,117,155) | 40,887,705 |
| **Cash flows from financing activities*:** | | | |
| Issuance of profit participating notes | 2(p) | 1,244,792,006 | 706,704,016 |
| Redemption of profit participating notes | 2(p) | (844,250,672) | (620,622,570) |
| **Net cash provided by financing activities** | | 400,541,334 | 86,081,446 |
| **Net change in cash and cash equivalents** | | 35,424,179 | 126,969,151 |
| Beginning cash and cash equivalents balance | | 175,664,676 | 48,695,525 |
| **Ending cash and cash equivalents balance** | | 211,088,855 | 175,664,676 |
| **Supplementary cash flow information** | | | |
| *Cash flows from operating activities include:* | | | |
| Dividend received | 2(l) | 44,476,220 | 5,110,489 |
| Interest received | 2(k) | 107,305,911 | 13,467,869 |
| Interest paid | 2(k) | (529,094) | (249,208) |
| Tax paid | 2(n),11 | (750) | (750) |

* The values above are exclusive of in-kind transfers.

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

## NOTES TO THE FINANCIAL STATEMENTS
**December 31, 2020**

### 1. ORGANISATION

Trinity Investments Designated Activity Company (the "Company"), is a limited liability company incorporated in Ireland under part 1b of the Companies Acts 2014 as a company limited by shares on November 22, 2013 with registration number 535698. The Company is a special purpose company with limited liability and qualifies for the regime contained in section 110 of the Irish Taxes Consolidation Act 1997 ("TCA"). This provides that a qualifying company will be liable to corporation tax at the rate of 25% less deductions under case III of schedule D in respect of taxable profits. The Company has one direct employee.

The investment objective of the Company is to seek to achieve capital growth without undue risk to principal. The Company aims to achieve this objective by using an opportunistic 'value investment' approach primarily focused on distressed debt, credit, special opportunities and other opportunistic investments.

The Company utilises Irish domiciled section 110 Companies; Hestia Investments Designated Activity Company, Cumberland Investments Designated Activity Company, Mare Finance Investment Holdings Designated Activity Company, Blasket Investments Designated Activity Company, Thalia Investments Designated Activity Company and Skomer Investments Designated Activity Company (the "Companies") to make investments on the Company's behalf. The Company invests in these Companies through the issuance of profit participating notes ("PPNs") these notes are listed on Euronext Dublin, "GEM". The PPNs in relation to Skomer Investments Designated Activity Company will mature in 2042. The PPNs in relation to Hestia Investments Designated Activity Company and Mare Finance Investments Holdings Designated Activity Company will mature in 2045. The PPNs in relation to Cumberland Investments Designated Activity Company will mature in 2046. The PPNs in relation to Blasket Investments Designated Activity Company will mature in 2048. The PPNs in relation to Thalia Investments Designated Activity Company will mature in 2049.

The Company acts as a special purpose vehicle to make investments on behalf of Attestor Value Master Fund LP (the "Master Fund"). The Master Fund invests in the Company through the issuance of PPNs which will mature in 2043. As part of the financing of the Company, during the year the Company received investment securities with a fair value of USD5,438,778 (2019: transferred investment securities with a fair value of USD75,954,377) at arm's length, in consideration for the issuance of PPNs. During the year the Company transferred investment securities with a fair value of USD93,334,024 (2019: USDNil) at arm's length to the Master Fund.

As part of its investment program, the Master Fund may from time to time acquire an asset (or a number of related assets) that the Investment Manager and the Directors believe are either illiquid or lack a readily assessable fair value or should be held until the resolution of a special event or circumstance, in which case the Investment Manager and the Directors jointly may designate such asset or assets as "Special Investments" at the time such asset or assets are acquired.

The Company and the Companies operate as an integral part of the Company's investment strategy whereby the Company is the sole investor in the Companies through the issuance of PPNs with the exception of Cumberland Investments Designated Activity Company, which had a PPN ownership interest of 91% in 2020. Movements in the fair value of the Companies' portfolio and corresponding movements in the fair value of the Companies may expose the Company to a gain or loss. Set out below is key information on the Companies.

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**
**December 31, 2020**

**1. ORGANISATION (Continued)**

| Companies' name | *2020 Principal place of business* | *2020 PPN ownership interest* | *2019 Principal place of business* | *2019 PPN ownership interest* |
|---|---|---|---|---|
| Hestia Investments Designated Activity Company | Ireland | 100 % | Ireland | 100 % |
| Cumberland Investments Designated Activity Company | Ireland | 91 % | Ireland | 93 % |
| Mare Finance Investment Holdings Designated Activity Company | Ireland | 100 % | Ireland | 100 % |
| Blasket Investments Designated Activity Company | Ireland | 100 % | Ireland | 100 % |
| Thalia Investments Designated Activity Company | Ireland | 100 % | Ireland | 100% |
| Skomer Investments Designated Activity Company | Ireland | 100 % | – | – |

The Company does not have any legal commitments to provide the Companies with financial or other support. There are no restrictions on the Companies regarding payment of dividends, loan repayments or transfer of funds.

The Company has determined that it meets the definition of an investment entity under IFRS 10, 'Consolidated financial statements'. As a result, the Company has not consolidated the results of the Companies and the investments into these Companies are accounted for at fair value through profit or loss.

The Company has been deemed to meet the definition of an investment entity per IFRS 10 as the following conditions exist:

a) The Company has obtained funds for the purpose of providing investors with investment management services;
b) The Company's business purpose, which was communicated directly to investors, is investing solely for returns from capital appreciation and investment income; and
c) The performance of investments made through the Company are measured and evaluated on a fair value basis.

Attestor Limited (the "Investment Manager") is the Investment Manager of the Company. On January 7, 2020, Attestor Capital LLP was replaced by Attestor Limited as Investment Manager. Citco Fund Services (Cayman Islands) Limited (the "Administrator") is the Administrator to the Company and Citco Fund Services (Ireland) Limited (the "Sub-Administrator") is the Sub-Administrator to the Company. Wilmington Trust National Association (the "Custodian") is the Custodian of the Company and Wilmington Trust (London) Limited (the "Trustee") is the Trustee of the Company.

The registered office of the Company is Fourth Floor, 3 George's Dock, IFSC, Dublin 1, Ireland.

NOTES TO THE FINANCIAL STATEMENTS (Continued)
December 31, 2020

## 2. SIGNIFICANT ACCOUNTING POLICIES

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

### *(a) Statement of compliance*

The Company's financial statements have been prepared in accordance with the Irish Companies Acts 2014 and International Financial Reporting Standards ("IFRS") as adopted by the European Union ("EU").

### *(b) Basis of preparation*

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 (see Note 2(f)).

The financial statements are presented in United States Dollars ("USD"). The Investment Manager considers the USD as the currency that most faithfully represents the economic effects of the underlying transactions, events and conditions.

The preparation of the Company's financial statements requires management to make estimates, judgements and assumptions that affect the reported amounts recognised in the financial statements. More detail is provided under income taxes, going concern and in Note 3 to the financial statements, "Fair Value Measurement". Actual results may differ from those estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

### *(c) New and amended standards and interpretations*

*(i) Standards and amendments to existing standards effective January 1, 2020*

**Revised Conceptual Framework for Financial Reporting**

The IASB issued a revised Conceptual Framework which was used in standard-setting decisions with immediate effect. Key changes include:

- increasing the prominence of stewardship in the objective of financial reporting
- reinstating prudence as a component of neutrality
- defining a reporting entity, which may be a legal entity, or a portion of an entity
- revising the definitions of an asset and a liability
- removing the probability threshold for recognition and adding guidance on derecognition
- adding guidance on different measurement bases, and
- stating that profit or loss is the primary performance indicator and that, in principle, income and expenses in other comprehensive income should be recycled where this enhances the relevance or faithful representation of the financial statements.

No related changes have been made to any of the current accounting standards. However, entities that rely on the Framework in determining their accounting policies for transactions, events or conditions that are not otherwise dealt with under the accounting standards have needed to apply the revised Framework from January 1, 2020. These entities had to consider whether their accounting policies were still appropriate under the revised Framework. The amendment was effective for annual reporting periods beginning on or after January 1, 2020. Based on the Company's assessment, the amendment has not had a material impact on the Company's financial statements.

NOTES TO THE FINANCIAL STATEMENTS (Continued)
December 31, 2020

## 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

### *(c) New and amended standards and interpretations (continued)*

*(i) Standards and amendments to existing standards effective January 1, 2020 (continued)*

**Amendments to IFRS 3: Definition of a Business**
The amendment to IFRS 3 clarifies that to be considered a business, an integrated set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create output. Furthermore, it clarified that a business can exist without including all of the inputs and processes needed to create outputs.

**Amendments to IFRS 7, IFRS 9 and International Accounting Standard ("IAS") 39: Interest Rate Benchmark Reform**
The amendments to IFRS 9 and IAS 39 'Financial Instruments: Recognition and Measurement' provide a number of reliefs, which apply to all hedging relationships that are directly affected by interest rate benchmark reform. A hedging relationship is affected if the reform gives rise to uncertainties about the timing and or amount of benchmark-based cash flows of the hedged item or the hedging instrument.

**Amendments to IAS 1 and IAS 8: Definition of Material**

The amendments provide a new definition of material that states "information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity." The amendments clarify that materiality will depend on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users.

The adoption and interpretation of these standards has not had a material impact on the financial statements. There are no other standards effective as at January 1, 2020 that are relevant or have a material impact on the Company.

*(ii) New standards, amendments and interpretations effective after January 1, 2020, or issued but not yet effective and which have not been early adopted*
A number of new standards and amendments to standards are effective for annual periods beginning after January 1, 2020, or issued but not yet effective and earlier application is permitted; however, the Company has not early applied new or amended standards in preparing these financial statements. The new standards, amendments and interpretations that have been issued but not yet effective after January 1, 2020 are not expected to have a material impact on these financial statements.

### *(d) Consolidation*
Subsidiaries are investees controlled by the Company. The Company controls an investee if it is exposed to, or has the rights to, variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The Company reassesses whether it has control if there are changes to one or more elements of control. At the Company level, the Company's investments in its subsidiaries are measured at fair value through profit and loss.

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**
**December 31, 2020**

## 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

### *(d) Consolidation (continued)*

Associates are entities over which the Company has significant influence, but does not control, generally accompanied by a shareholding of between 20 per cent and 50 per cent of the voting rights. No associates are presented on the Statement of Financial Position using the equity accounting method as the Company elects to hold such investments at fair value through profit and loss. This treatment is permitted by International Accounting Standard ("IAS") 28 Investment in Associates and Joint Ventures, which permits associates held by entities that are venture capital organisations, mutual funds or similar entities to be excluded from its measurement methodology requirements where those investments are designated, upon initial recognition, as being held at fair value through profit or loss and accounted for in accordance with IFRS 9 Financial Instruments. Changes in the fair value of associates are recognised in the Statement of Comprehensive Income in the period in which those changes occur.

### *(e) Going concern*

Management has made an assessment of the Company's ability to continue as a going concern and is satisfied that the Company has the resources to continue in business for the foreseeable future. Furthermore, management is not aware of any material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern. Therefore, the financial statements are prepared on a going concern basis.

### *(f) Financial instruments*

*(i) Classification*

The Company classifies its investments based on both the Company's business model for managing those financial assets and the contractual cash flow characteristics of such 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 Company has not taken the option to irrevocably designate any equity securities as fair value through other comprehensive income. 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 objective. Consequently, all investments are measured at fair value through profit or loss.

As such, the Company classifies all of its investment portfolio and related liabilities as financial assets or liabilities at fair value through profit or loss.

The Company's policy requires the Investment Manager and the Directors to evaluate the information about these financial assets and liabilities on a fair value basis together with other related financial information.

The category of financial assets and financial liabilities is comprised of:

*Financial instruments designated at fair value through profit or loss*

These financial assets and liabilities are designated upon initial recognition and their performance evaluated on a fair value basis. These include bank debt, equity, claims, bonds, subordinated notes, real estate strategy, private placements, options, special investments and PPNs.

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**
**December 31, 2020**

## 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

### *(f) Financial instruments (continued)*

*(i) Classification (continued)*

*Financial instruments designated at amortised cost*
All other financial assets and liabilities including cash and cash equivalents, amounts due from/to brokers, interest and other receivables, fees and other payables are classified at amortised cost using the effective interest rate method.

*(ii) Initial measurement*
All financial instruments are measured initially at fair value plus, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issue.

*(iii) Subsequent measurement*
After initial measurement, the Company measures financial instruments which are classified as at fair value through profit or loss at fair value. 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. Purchases and sales of financial instruments are accounted for on a trade date basis. Realised gains and losses on disposals of financial instruments are calculated using the first-in-first-out method.

The fair value of financial instruments is based on their quoted market prices on a recognised exchange or sourced from a reputable broker/counterparty at the Statement of Financial Position date without any deduction for estimated future selling costs. The fair value of financial instruments in case of non-exchange traded instruments are binding dealer price quotations, at the Statement of Financial Position date, without any deductions for estimated future selling costs.

Subsequent changes in the fair value of financial instruments at fair value through profit or loss are recognised in the Statement of Comprehensive Income. The fair valuation of financial assets is further detailed in Note 3 to the financial statements, "Fair Value Measurement".

Financial assets and financial liabilities, other than those classified as at fair value through profit or loss, are subsequently measured at amortised cost using the effective interest rate method.

*(iv) Derecognition*
A financial asset is derecognised where the rights to receive cash flows from the asset have expired, or the Company has transferred its rights to receive cash flows from the asset, or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a pass-through arrangement; and the Company has transferred substantially all of the risks and rewards of the asset or neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

The Company derecognises a financial liability when the obligation specified in the contract is discharged, cancelled or expires.

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**
**December 31, 2020**

## 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

### *(f) Financial instruments (continued)*

*(v) Impairment*

With respect to assets held through financial assets at amortised cost, the Company assesses on a forward looking basis the expected credit loss associated with its financial assets carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. For these financial assets, the Company applies the general approach permitted by IFRS 9, which requires expected credit loss to be recognised from initial recognition of the receivables, see Note 5 for further details.

### *(g) Functional and presentation currency*

Items included in the Company's financial statements are measured using the currency of the primary economic environment in which it operates (the "functional currency"). The Investment Manager considers USD as the currency that most faithfully represents the economic effects of the underlying transactions, events and conditions. The Company issues its PPNs in USD and accordingly, it has been determined that the functional currency of the Company is USD.

### *(h) Foreign currency transactions*

Monetary assets and liabilities denominated in currencies other than USD are translated into USD at the closing rates of exchange at each year end. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Transactions during the year, including purchases and sales of securities, income and expenses, are translated at the rate of exchange prevailing on the date of the transaction. Foreign currency transaction gains and losses on financial instruments are included in the Statement of Comprehensive Income.

### *(i) Cash and cash equivalents*

Cash comprises of cash in hand, demand deposits and custodian cash balances. Cash and cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to insignificant changes in value, and are held for the purpose of meeting short term cash commitments and other purposes.

### *(j) Offsetting financial instruments*

Financial assets and liabilities are offset and the net amount reported in the Statement of Financial Position when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

Refer to Note 6 "Offsetting Financial Assets and Liabilities" to see the impact of netting on the Statement of Financial Position.

### *(k) Interest income and interest expense*

Interest income and interest expense are recognised in the Statement of Comprehensive Income for all interest bearing financial instruments on an accruals basis using the nominal interest rate.

NOTES TO THE FINANCIAL STATEMENTS (Continued)
December 31, 2020

## 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

### *(l) Dividend income*

Dividends are credited to the Statement of Comprehensive Income on the dates on which the relevant securities are listed as "ex-dividend". Income is shown gross of any non-recoverable withholding taxes, which is disclosed separately in the Statement of Comprehensive Income, and net of any tax credits.

### *(m) Other income and expenses*

Other income and expenses are recognised in the Statement of Comprehensive Income on an accruals basis.

### *(n) Income taxes*

Income tax expense comprises current and deferred tax. Income tax expense is recognised through profit or loss, in other comprehensive income or directly in equity, consistent with the accounting for the item to which it is related.

Current tax is the expected tax payable on the taxable income for the year, using tax rates applicable to the Company's activities enacted or substantively enacted at the reporting date.

Deferred tax is provided for temporary differences arising between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for temporary differences arising on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Corporation tax is provided on taxable profits at current rates applicable to the Company's activities. The Company is a Qualifying Company within the meaning of Section 110 of the Taxes Consolidation Act, 1997. As such, the profits of the Company 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.

Uncertainties exist with respect to the interpretation of complex tax regulations on foreign withholding tax. Given the wide range of international investments, differences arising between the actual investment income and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax expense already recorded. The Company establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective countries in which it invests. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority. Such differences of interpretation may arise on a wide variety of issues depending on the conditions prevailing in the respective investment's domicile.

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**
**December 31, 2020**

## 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

### *(o) Amounts due from/to brokers*

Amounts due from/to brokers include cash for trades awaiting settlement and cash collateral amounts held with the Master Fund's Prime Broker and other counterparties.

Amounts due from/to brokers also represent receivables for securities sold and payables for securities purchased that have been contracted for but not yet settled or delivered on the Statement of Financial Position date respectively.

### *(p) Profit participating notes*

The Company may issue PPNs up to a maximum commitment nominal balance of USD2,500,000,000 which will mature in 2043. The PPNs in issue were listed on the Main Market effective March 22, 2014. During the year ended December 31, 2020, the Company has received net cash of USD405,980,112 (2019: USD10,127,069) and in kind securities transferred in with a fair value of USD5,438,778 (2019: USDNil) in consideration for issuing PPNs. The Company transferred investment securities with a fair value of USDNil (2019: USD75,954,377) at arm's length to the Companies, in consideration for the issuance of PPNs. The PPNs are represented by individual physical certificates in bearer form and serially numbered and in denominations of an amounts no less than the USD200,000 or integral multiples thereof, without coupons attached. The fair value of PPNs approximates with the fair value of the assets of the Company less any liabilities (excluding PPNs) and equity of the Company.

The periodic (loss)/return amount on each PPN in respect of any period will be the proportion of an amount equal to all income and gains earned by, or accruing to, the Company from or in respect of the assets and liabilities or related arrangements of the Company less any losses suffered by the Company for the year less the sum of (i) all operating expenses and costs (other than the accrued interest of the Company in that period) and (ii) any losses carried forward as determined by the Investment Manager, and (iii) the taxable profits (before interest) of the Company arising from the assets and liabilities of the Company.

The periodic return amount will accrue on the PPNs and will be calculated in respect of each financial year or in respect of such shorter periods as determined by the Company will become due and payable on June 15 of each year or on such other date as determined by the Company having given not less than 5 business days' notice.

Given this periodic return mechanism by which the value of the financial assets is conveyed to the PPN Noteholders, the Company has designated its PPNs as financial liabilities measured at fair value through profit or loss. This eliminates an accounting mismatch that would otherwise arise from measuring the investments which are linked to the PPNs at fair value through profit or loss whilst measuring the PPNs using a different basis.

In the event of default, such that the Company fails to pay the required amount on the maturity date or the periodic return payment on the due date and such failure continues for a given year, this will give rise to the asset backed securities becoming payable immediately. No event of default had occurred at year end and up to the date of authorising the financial statements.

NOTES TO THE FINANCIAL STATEMENTS (Continued)
December 31, 2020

## 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

***(p) Profit participating notes (continued)***

The Noteholders have the right to early redeem PPNs before the final maturity date by providing an exercise notice to the paying agent. There is a pre-notice redemption period as set out in the term sheet of each series of the PPNs. The PPNs are classified as financial liabilities as they do not meet the conditions to be classified as equity. The PPNs have been classified as non-current liabilities as the Noteholders will not exercise the option to early redeem in the next 12 months giving the Company an unconditional right to defer the settlement of the liability for at least 12 months.

As the Company is a limited recourse company, the return of the periodic return amounts and the principal is contingent on the realisable value of the assets. The Company has not posted collateral in respect of the PPNs.

For the year ended December 31, 2020 and December 31, 2019, the PPNs issued and the attributed periodic return were as follows:

| | ***USD*** |
|---|---|
| **Profit participating notes as at January 1, 2020** | (2,701,511,237) |
| Profit participating notes issued | (1,250,230,784) |
| Profit participating notes redeemed | 844,250,672 |
| Periodic return amount | (362,108,945) |
| **Profit participating notes as at December 31, 2020** | (3,469,600,294) |

| | ***USD*** |
|---|---|
| **Profit participating notes as at January 1, 2019** | (2,561,314,036) |
| Profit participating notes issued | (706,704,016) |
| Profit participating notes redeemed | 696,576,947 |
| Periodic return amount | (130,070,132) |
| **Profit participating notes as at December 31, 2019** | (2,701,511,237) |

As at December 31, 2020, the nominal value of the PPNs issued amounted to USD1,702,733,420 (2019: USD1,465,606,977).

## 3. FAIR VALUE MEASUREMENT

Fair value measurement establishes a hierarchical disclosure framework which prioritises and ranks the level of market price observability used to measure investments at fair value. 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 or for which fair value can be measured from actively quoted prices generally will have a higher degree of market price observability and a lesser degree of judgement used in measuring fair value.

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**
**December 31, 2020**

## 3. FAIR VALUE MEASUREMENT (Continued)

Investments measured and reported at fair value are classified and disclosed into one of the following categories:

***Level 1*** - Quoted prices (unadjusted) are available in active markets for identical investments from market data sources as at the reporting date.

***Level 2*** - Inputs, other than quoted prices sourced using independent valuation statements and broker runs included in Level 1, that are observable for the asset or liability, either directly (as prices) or, indirectly (observed from prices).

Level 2 inputs include the following:

- Over-the-counter ("OTC") prices of instruments traded actively via various brokers. Average prices from multiple independent counterparty quotations ('broker runs'/'broker valuation statements') (examples include defaulted bonds, high-yield bonds, bank debt, accepted claims).

***Level 3*** - Pricing inputs are unobservable for the investment and include situations where there is little, if any, market activity for the investment. The inputs into the determination of fair value require significant judgement and/or estimation.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, an investment's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement.

The assessment of the significance of a particular input to the fair value measurement in its entirety requires judgement, and considers factors specific to the investment. Changes in the observability of valuation inputs may result in a levelling reclassification for certain financial assets or liabilities.

The policy and procedures to determine the fair value of the financial assets of the Company are set out in its Valuation Policy. The Valuation Policy has been approved by the Board of the Directors and updated at least annually at Board Meetings.

All of the Company's Level 3 financial assets are traded OTC or through private deal arrangements and prices are not available using standard data services. Some instruments are instead valued using single broker quotes which have in turn been assessed, where possible for reasonableness by comparison of the mark against recent liquidator reports, recent relevant market transactions and the valuations of listed peers whilst applying an adjustment for a liquidity discount. A number of financial instruments are valued at cost and these values have been assessed for reasonableness where possible through using waterfall models, back testing and comparison against recent transactions. Other instruments are priced independently by third party valuation agents who have been appointed to perform periodic valuation reviews on either a quarterly or semi-annual basis.

A small number of instruments are priced using proprietary valuation models which are developed from standard industry models that are tailored to the specific asset. Some or all of the significant inputs into these models may not be observable in the market, and may be derived from market prices, rates or estimates based on assumptions. Observable inputs include current rates of interest, underlying property valuations, loan values, legacy book and funding values, tax rates and cost of capital.

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**
**December 31, 2020**

## 3. FAIR VALUE MEASUREMENT (Continued)

Unobservable inputs include assumptions regarding expected run off rates and distribution levels, expected future default rates, principal prepayment rates, judgements/view on expected recoveries and recovery timelines in litigation/restructuring related positions, probability/risk weighted assessments of potential outcomes, competing claims within restructuring linked investments and market liquidity discounts.

Input from the Investment Management Portfolio Managers is usually required for the selection of the most appropriate valuation model to be used, determination of expected future cash flows on the financial instrument being valued and the selection of appropriate discount rates. The Investment Manager from time to time also considers other liquidity, credit and market risk factors, and adjusts the valuation model as deemed necessary.

The models are calibrated regularly by updating observable and unobservable inputs used. The models are also tested for validity using prices from any observable current market transactions in the similar instrument or based on any available observable market data.

The following table summarises the valuation of the Company's investments by the above fair value hierarchy levels as at December 31, 2020.

| 2020 | *Level 1 USD* | *Level 2 USD* | *Level 3 USD* | *Total USD* |
|---|---|---|---|---|
| **Financial assets** | | | | |
| **Financial assets, at fair value through profit or loss** | | | | |
| Bonds | – | 435,922,868 | 73,469,293 | 509,392,161 |
| Bank debt | – | 227,129,353 | 294,216,581 | 521,345,934 |
| Equity | 126,604,234 | 772,817 | 479,501 | 127,856,552 |
| Special investment | – | 97,479,852 | 464,017,714 | 561,497,566 |
| Claims | – | 651,546,644 | 99,368,350 | 750,914,994 |
| Real estate strategy | – | – | 379,888,232 | 379,888,232 |
| Forward purchase agreement | – | – | 39,884,937 | 39,884,937 |
| Investments in Profit participating notes | – | – | 443,724,429 | 443,724,429 |
| **Total financial assets, at fair value through profit or loss** | 126,604,234 | 1,412,851,534 | 1,795,049,037 | 3,334,504,805 |
| **Financial liabilities** | | | | |
| **Financial liabilities, at fair value through profit or loss** | | | | |
| Bank debt | – | – | (542,859) | (542,859) |
| Profit participating notes | – | – | (3,469,600,294) | (3,469,600,294) |
| **Total financial liabilities, at fair value through profit or loss** | – | – | (3,470,143,153) | (3,470,143,153) |

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**
**December 31, 2020**

## 3. FAIR VALUE MEASUREMENT (Continued)

The following table summarises the valuation of the Company's investments by the above fair value hierarchy levels as at December 31, 2019.

| 2019 | *Level 1 USD* | *Level 2 USD* | *Level 3 USD* | *Total USD* |
|---|---|---|---|---|
| **Financial assets** | | | | |
| **Financial assets, at fair value through profit or loss** | | | | |
| Bonds | – | 142,684,196 | 131,073,719 | 273,757,915 |
| Bank debt | – | 87,636,010 | 267,781,459 | 355,417,469 |
| Equity | 102,062,045 | 89,658,675 | 175,474,238 | 367,194,958 |
| Special investment | – | – | 142,503,943 | 142,503,943 |
| Claims | – | 526,428,818 | 112,203,687 | 638,632,505 |
| Subordinated notes | – | – | 5,777,084 | 5,777,084 |
| Options | – | – | 405,187 | 405,187 |
| Real estate strategy | – | – | 407,462,206 | 407,462,206 |
| Private placement | – | – | 2,152,968 | 2,152,968 |
| Investments in Profit participating notes | – | – | 396,484,706 | 396,484,706 |
| **Total financial assets, at fair value through profit or loss** | 102,062,045 | 846,407,699 | 1,641,319,197 | 2,589,788,941 |
| **Financial liabilities** | | | | |
| **Financial liabilities, at fair value through profit or loss** | | | | |
| Profit participating notes | – | – | (2,701,511,237) | (2,701,511,237) |
| **Total financial liabilities, at fair value through profit or loss** | – | – | (2,701,511,237) | (2,701,511,237) |

Level 2 financial assets including claims, equity, bank debt and bonds were valued based on quoted prices in markets that are not as active as those set out for Level 1 type instruments.

As at December 31, 2020, USD1,795,049,037 (2019: USD1,641,319,197) of the Company's financial assets were categorised as Level 3 investments.

## NOTES TO THE FINANCIAL STATEMENTS (Continued)
## December 31, 2020

### 3. FAIR VALUE MEASUREMENT (Continued)

The change in investments measured at fair value for which Level 3 inputs have been used to determine fair value are as follows:

| 2020<br>Level 3 Summary | *Bonds* USD | *Subordinated notes* USD | *Options* USD | *Bank debt* USD | *Equity* USD | *Claims* USD | *Real estate strategy* USD | *Private placements* USD | *Special investment* USD | *Investments in profit participating notes* USD | *Forward purchase agreement* USD | *Total* USD |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Financial assets** | | | | | | | | | | | | |
| Opening fair value | 131,073,719 | 5,777,084 | 405,187 | 267,781,459 | 175,474,238 | 112,203,687 | 407,462,206 | 2,152,968 | 142,503,943 | 396,484,706 | – | 1,641,319,197 |
| Transfer in | 8,013,756 | – | – | 666,605 | 2,130,540 | 30,210,232 | 104,297,982 | – | 317,974,297 | – | – | 463,293,412 |
| Transfer out | (72,690,908) | – | (405,187) | (87,038,501) | (175,419,237) | (88,105,966) | – | (2,141,753) | (33,702,780) | – | – | (459,504,332) |
| Purchases/ contributions | – | – | – | 174,516,047 | – | 48,270,566 | 156,569,390 | 1,106 | 14,950,637 | 517,737,749 | – | 912,045,495 |
| Sales/distributions | (5,243,490) | (6,891,601) | – | (64,541,722) | – | (5,116,346) | (244,413,115) | – | (45,899,307) | (509,953,713) | – | (882,059,294) |
| Realised gains/(losses) | 1,033,463 | (5,801,380) | – | (4,148,534) | – | 1,143,061 | 8,382,655 | (12,004) | (1,445,647) | 12,869,368 | – | 12,020,982 |
| Unrealised gains/(losses) | 11,282,753 | 6,915,897 | – | 6,981,227 | (1,706,040) | 763,116 | (52,410,886) | (317) | 69,636,571 | 26,586,319 | 39,884,937 | 107,933,577 |
| **Closing fair value** | 73,469,293 | – | – | 294,216,581 | 479,501 | 99,368,350 | 379,888,232 | – | 464,017,714 | 443,724,429 | 39,884,937 | 1,795,049,037 |

| 2020<br>Level 3 Summary | *Profit participating note* USD | *Bank debt* USD | *Total* USD |
|---|---|---|---|
| **Financial liabilities** | | | |
| Opening fair value | (2,701,511,237) | – | (2,701,511,237) |
| Issuance | (1,250,230,784) | (2,872,056) | (1,253,102,840) |
| Redemptions | 844,250,672 | – | 844,250,672 |
| Realised gains/(losses) | (74,332,425) | – | (74,332,425) |
| Unrealised gains/(losses) | (287,776,520) | 2,329,197 | (285,447,323) |
| **Closing fair value** | (3,469,600,294) | (542,859) | (3,470,143,153) |

Total realised and unrealised gains and losses on Level 3 positions are reported in the Statement of Comprehensive Income. For the year ended December 31, 2020, the change in unrealised loss on the Level 3 positions held at the year end was USD(128,014,715) (2019: USD(78,658,472)) which is included in the Statement of Comprehensive Income.

## NOTES TO THE FINANCIAL STATEMENTS (Continued)
## December 31, 2020

### 3. FAIR VALUE MEASUREMENT (Continued)

The change in investments measured at fair value for which Level 3 inputs have been used to determine fair value are as follows:

| 2019<br>Level 3 Summary | *Bonds* USD | *Subordinated notes* USD | *Options* USD | *Bank debt* USD | *Equity* USD | *Claims* USD | *Real estate strategy* USD | *Private placements* USD | *Special investment* USD | *Investments in profit participating notes* USD | *Total* USD |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **Financial assets** | | | | | | | | | | | |
| Opening fair value | 151,887,962 | 8,853,266 | 53,900 | 166,146,001 | 137,127,139 | 128,975,468 | 314,646,347 | 99,732,038 | 307,647,257 | 270,239,207 | 1,585,308,585 |
| Transfer in | 19,578,800 | – | – | 16,974,044 | – | – | – | – | – | – | 36,552,844 |
| Transfer out | – | – | – | – | (89,419,534) | (94,868,141) | – | – | – | – | (184,287,675) |
| Purchases/ contributions | 2,311,963 | – | – | 153,039,632 | 84,184,922 | 494,363,352 | 320,762,534 | – | 466,228,221 | 577,660,885 | 2,098,551,509 |
| Sales/payments | (32,040,958) | – | – | (64,932,992) | (4,619,228) | (411,065,314) | (268,357,891) | (73,681,536) | (544,372,658) | (513,406,085) | (1,912,476,662) |
| Realised gains/(losses) | 22,962,860 | – | – | 17,664,648 | (2,567) | 693,909 | (16,841,519) | 2,882,253 | 32,983,822 | 67,791,472 | 128,134,878 |
| Unrealised gains/(losses) | (33,626,908) | (3,076,182) | 351,287 | (21,109,874) | 48,203,506 | (5,895,587) | 57,252,735 | (26,779,787) | (119,982,699) | (5,800,773) | (110,464,282) |
| **Closing fair value** | 131,073,719 | 5,777,084 | 405,187 | 267,781,459 | 175,474,238 | 112,203,687 | 407,462,206 | 2,152,968 | 142,503,943 | 396,484,706 | 1,641,319,197 |

| 2019<br>Level 3 Summary | *Profit participating note* USD | *Total* USD |
|---|---|---|
| **Financial liabilities** | | |
| Opening fair value | (2,561,314,036) | (2,561,314,036) |
| Issuance | (706,704,016) | (706,704,016) |
| Redemptions | 696,576,947 | 696,576,947 |
| Realised gains/(losses) | (130,070,132) | (130,070,132) |
| **Closing fair value** | (2,701,511,237) | (2,701,511,237) |

## NOTES TO THE FINANCIAL STATEMENTS (Continued)
## December 31, 2020

### 3. FAIR VALUE MEASUREMENT (Continued)

Transfers in and out of Level 3 are related to the availability and the observability of significant inputs. Transfers from Level 2 to Level 3 during the year ended December 31, 2020 relate to availability of broker quotes. All transfers during 2020 and 2019 were calculated based on the balances as at the beginning of the year.

Total realised and unrealised gains and losses on Level 3 positions are reported in the Statement of Comprehensive Income. For the year ended December 31, 2020, the change in unrealised loss on the Level 3 positions held at the year end was USD(128,014,715) (2019: USD(78,658,472)) which is included in the Statement of Comprehensive Income.

The Investment Manager assesses the levelling of financial instruments on an annual basis.

The valuation technique and significant unobservable inputs used in the fair value measurement categorised within Level 3 of the fair value hierarchy together with a quantitative sensitivity analysis as at December 31, 2020 and December 31, 2019 are as shown in the below and overleaf.

The change in valuation disclosed shows the direction an increase or decrease in the respective input variables would have on the valuation result.

**2020**

| *Description* | *Fair value USD* | *Valuation technique* | *Unobservable inputs* | *Reasonable possible shift +/- (absolute value)* | *Change in valuation (in thousands) USD* |
|---|---|---|---|---|---|
| Bank debt | 10,164,816 | Discounted cash flow model | Discount rate | 5% | 1,455/(1,215) |
| | 6,658,190 | Discounted cash flow model | Discount rate | 5% | 780/(624) |
| | 170,867 | Marked to Model | NA | 5% | 9/(9) |
| Claims | 5,173,598 | Marked to Model | NA | 5% | 259/(259) |
| | 9,501,443 | Discounted cash flow model | Discount rate | 5% | 864/(864) |
| Real estate strategy | 277,146,616 | Discounted cash flow model | Discount rate | 17-20% | 47,764/(53,309) |
| | 4,962,838 | Discounted cash flow model | Discount rate | 5% | 306/(275) |
| | 97,778,778 | Interest capitalisation model | Discount rate | 2% | 1,956/(1,956) |
| Special investment | 67,337,652 | Probability weighted expected return model | Litigation Outcome Discount rate | 5% | 3,367/(3,367) |
| | 156,620,302 | Market comparable approach | Discount rate | 8% | 12,952/(13,164) |
| | 134,387,000 | Discounted cash flow model | DLOM | 9% | 12,095/(12,095) |
| | 71,113,405 | Discounted cash flow model | Discount rate | 13% | 9,245/(9,245) |
| | 29,306,045 | Discounted cash flow model | Discount rate | 5% | 1,822/(1,606) |
| Forward purchase agreement | 39,884,937 | Discounted cash flow model, probability weighted range, implied yield approach | Discount rate Probability Implied yield | 5-15% | 2,019/(6,044) |

NOTES TO THE FINANCIAL STATEMENTS (Continued)
December 31, 2020

## 3. FAIR VALUE MEASUREMENT (Continued)

The table above does not include Level 3 securities that were valued directly by brokers, stale marked, based upon cost or based upon recent market transaction. As at December 31, 2020, the value of these securities was USD884,842,550.

2019

| *Description* | *Fair value USD* | *Valuation technique* | *Unobservable inputs* | *Reasonable possible shift +/- (absolute value)* | *Change in valuation (in thousands) USD* |
|---|---|---|---|---|---|
| Bank debt | 96,137,341 | Discounted cash flow model | Discount rate | 5% | 4,807/(4,807) |
| Bonds | 72,690,908 | Probability weighted expected return model | Litigation outcome | 5% | 3,635/(3,635) |
| Claims | 16,197,204 | Discounted cash flow model | Discount rate | 5% | 810/(810) |
| Equity | 33,702,780 | Market comparables approach | Valuation | 6% | 2,022/(2,022) |
| | 18,624,281 | Market comparables approach | Discount rate | 2% | 372/(372) |
| Private equity | 105,411,602 | Discounted cash flow model | DLOM | 10-12% | 12,335/(10,093) |
| Real estate strategy | 397,625,219 | Discounted cash flow model | Discount rate | 14% | 58,360/(58,265) |
| | 12,353,961 | Discounted cash flow model | Discount rate | 5% | 618/(698) |
| Special investment | 142,503,942 | Discounted cash flow model | Discount rate | 5% | 7,125/(7,125) |

The table above does not include Level 3 securities that were valued directly by brokers, stale marked, based upon cost or based upon recent market transaction. As at December 31, 2019, the value of these securities was USD746,071,989.

The financial instruments not measured at fair value through profit or loss are short-term financial assets and liabilities whose carrying amounts approximate fair value, because of their short-term nature and, for the financial assets, high credit quality of counterparties.

Hestia Investments Designated Activity Company ("Hestia") may issue PPNs to the Company up to a maximum commitment balance of USD500,000,000 which will mature in 2045. During the year ended December 31, 2020, the Company has funded USD15,800,688 (2019: USD(22,149,743)) of the commitment balance. As at December 31, 2020, the fair value of the PPNs funded in Hestia was USD79,315,341 (2019: USD53,265,521).

Cumberland Investments Designated Activity Company ("Cumberland") may issue PPNs to the Company up to a maximum commitment balance of USD450,000,000, composed of USD250,000,000 Class A PPNs, USD100,000,000 Class B PPNs and USD100,000,000 Class C PPNs, which will mature in 2046. During the year ended December 31, 2020, the Company has funded USD5,558,995 (2019: USD14,638,364) of the commitment balance. As at December 31, 2020, the fair value of the PPNs funded in Cumberland was USD139,048,181 (2019: USD96,917,790).

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**
**December 31, 2020**

**3. FAIR VALUE MEASUREMENT (Continued)**

Mare Finance Investment Holdings Designated Activity Company ("Mare") may issue PPNs to the Company up to a maximum commitment balance of USD250,000,000 which will mature in 2045. During the year ended December 31, 2020, the Company has funded USD9,224,630 (2019: the Company has redeemed USD4,041,739) of the commitment balance. As at December 31, 2020, the fair value of the PPNs funded in Mare was USD109,330,494 (2019: USD105,277,486).

Blasket Finance Investment Designated Activity Company ("Blasket") may issue PPNs to the Company up to a maximum commitment balance of USD250,000,000 which will mature in 2048. During the year ended December 31, 2020, the Company has redeemed USD37,423,154 (2019: the Company has redeemed USD38,301) of the commitment balance. As at December 31, 2020, the fair value of the PPNs funded in Blasket was USD20,051,255 (2019: USD49,108,469).

Thalia Investments DAC ("Thalia") may issue PPNs to the Company up to a maximum commitment balance of USD250,000,000 which will mature in 2049. During the year the Company has redeemed USD4,692,412 (2019: USD88,077,477) of the commitment balance. As at December 31, 2020, the fair value of the PPNs funded in Thalia was USD76,953,970 (2019: USD91,915,438). Thalia's PPNs have been subordinated as a result of a financing arrangement, please see Note 12 for more detail.

Skomer Investments DAC ("Skomer") may issue PPNs to the Company up to a maximum commitment balance of USD500,000,000 which will mature in 2042. During the year ended December 31, 2020, the Company has funded USD19,315,288 of the commitment balance. As at December 31, 2020, the fair value of the PPNs funded in Skomer was USD19,025,188.

All PPNs issued by Hestia, Cumberland, Mare, Blasket, Thalia and Skomer are represented by individual physical certificates in bearer form and serially numbered and in denominations of an amount no less than USD200,000 or integral multiples thereof, without coupons attached.

The unrealised gain/(loss) on each PPNs in respect of any period will be the proportion of an amount equal to all income and gains earned by, or accruing to, the Companies from or in respect of the assets and liabilities or related arrangements of the Companies less any losses suffered by the Companies for the year less the sum of (i) all operating expenses and costs (other than the unrealised gain/(loss) of the Companies in that period) and (ii) any losses carried forward as determined by the Investment Manager, and (iii) the taxable profits (before interest) of the Companies arising from the assets and liabilities of the Companies.

Unrealised gain/(loss) will accrue on the PPNs and will be calculated in respect of each financial year or in respect of such shorter periods as determined by the Companies will become due and payable on June 15 of each year or on such other date as determined by the Companies having given not less than 5 business days' notice.

NOTES TO THE FINANCIAL STATEMENTS (Continued)
December 31, 2020

## 3. FAIR VALUE MEASUREMENT (Continued)

***Profit participating note***
The Company has issued PPNs to the Master Fund. The impact of these notes is that the Company is profit neutral in respect of its investment activities. Since the Master Fund receives all profits made by the Company and absorbs any losses made by it, the fair value of the loan notes approximates with the fair value of the assets of the Company less any liabilities (excluding PPNs) and equity of the Company.

## 4. DERIVATIVE CONTRACTS

Typically, derivative contracts serve as a component of the Company's investment strategy and are utilised primarily to structure the portfolio or individual investments to economically match the investment objective of the Company. The derivative contracts that the Company holds are forwards and options contracts.

The Company records its forward contracts and option contracts on a fair value basis. Fair values are determined by using quoted market prices or independent valuation agents.

As at December 31, 2020 and December 31, 2019, the following derivative contracts were included in the Company's Statement of Financial Position at fair value through profit or loss. The notional amounts are the amount of a derivative's underlying assets, reference rate or index and is the basis upon which changes in the value of derivatives are measured. The notional amounts indicate the volume of transactions outstanding at the year end, however are not indicative of either market risk or credit risk.

| **2020** | ***Fair value assets USD*** | ***Notional amount USD*** |
|---|---|---|
| **Derivatives** | | |
| Forward purchase agreement | 39,884,937 | 354,712,214 |
| **Total** | 39,884,937 | 354,712,214 |

| **2019** | ***Fair value assets USD*** | ***Notional amount USD*** |
|---|---|---|
| **Derivatives** | | |
| Debt options | 405,187 | 1,906,380 |
| **Total** | 405,187 | 1,906,380 |

***Forward contracts***
Forward contracts are contractual agreements to buy or sell a specific financial instrument at a specific price and date in the future. Forwards are customised contracts transacted in the OTC market.

The Company has not applied hedge accounting under IFRS 9.

NOTES TO THE FINANCIAL STATEMENTS (Continued)
December 31, 2020

## 4. DERIVATIVE CONTRACTS (Continued)

***Forward contracts (Continued)***
The Company has credit exposure to the counterparties of forward contracts. Forward contracts are settled gross and, therefore, considered to bear a liquidity risk. Forward contracts also result in market risk exposures.

***Options contracts***
Options are derivative financial instruments that give the buyer, in exchange for a premium payment, the right, but not the obligation, to either purchase from (call option) or sell to (put option) the writer a specified underlying instrument at a specified price on or before a specified date. The Company enters into option contracts to meet requirements of its risk management and trading activities.

## 5. RISKS ASSOCIATED WITH FINANCIAL INSTRUMENTS

To achieve the Company's investment objective, the Investment Manager on behalf of the Company seeks to identify and select appropriate investment strategies in line with its investment objective.

The Company is exposed to market risk (which includes currency risk, interest rate risk and other price risks), credit risk and liquidity risk arising from the financial instruments it holds. The Company has established investment guidelines per its offering documentation that set out its overall business strategies, tolerance for risk and general risk management. The Company uses derivatives and other financial instruments for investment purposes and in connection with its risk management activities.

As at December 31, 2020 and December 31, 2019, the Company's financial instruments comprised of the following:

- Claims, bank debt, bonds, subordinated notes, equity, private placement, real estate strategy, options, special investments, forward purchase agreement and PPNs held long.
- Cash, liquid resources and short term debtors arising directly from its investment activities.

The Company may buy, sell or hold financial assets in order to seek and take advantage of changes in market prices or rates.

### *(a) Other price risks*
The Company is exposed to price risk on the investments held by the Company for which prices in the future are uncertain.

As at December 31, 2020, the percentage of the Company's portfolio positions comprised of claims 20.38% (2019: 22.77%), bonds 13.82% (2019: 9.76%), bank debt 14.15% (2019: 12.67%), subordinated notes Nil% (2019: 0.21%), options Nil% (2019: 0.01%), equity 3.47% (2019: 13.09%), real estate strategy 10.31% (2019: 14.53%), private placement Nil% (2019: 0.08%), PPNs 12.04% (2019: 14.14%), forward purchase agreement 1.08% (2019: Nil%) and other assets 24.75% (2019: 12.73%). The remainder of the portfolio was mainly in cash.

NOTES TO THE FINANCIAL STATEMENTS (Continued)
December 31, 2020

## 5. RISKS ASSOCIATED WITH FINANCIAL INSTRUMENTS (Continued)

### *(a) Other price risks (continued)*

All investments present a risk of loss of capital. The maximum loss of capital on fixed income securities, subordinated notes, private placement and real estate strategy, are limited to the fair value of those positions.

The Company invests part of its assets in the Companies via the issuance of PPNs. The Companies may be exposed to price risk on equity securities, debt securities, claims and derivatives. These risks arise from investments held by the Companies for which prices in the future are uncertain. The Investment Manager of the Companies manages the recovery value of their portfolio assets through careful portfolio construction, active monitoring and management of positions and strategies and opportunistic hedging of market correlated positions such as bonds. The significant price risk exposures of the Companies are presented in Note 5 of the Companies' financial statements.

The price risk of claims and insolvent (defaulted) bonds depends on numerous factors including but not limited to the general market environment, supply/demand for these claims, the liquidation jurisdiction and the make-up of the underlying assets and liabilities of each claim. The combination of these factors often creates a different recovery profile for each liquidation claim which may affect price risk. Each of the claims held within the portfolio as at December 31, 2020 and December 31, 2019 has associated timing risk as there is uncertainty around when distributions will be made.

As at December 31, 2020 and December 31, 2019, the expected recovery of claims and defaulted bonds held within the portfolio and the catalysts required to achieve such recoveries had relatively little direct market correlation. If the market falls significantly however, the marketability of such claims as opposed to their recoverability may be negatively impacted.

The following table contains an analysis of the Company's financial positions risk by geographical distribution:

| | *2020 % of financial positions at fair value* | *2019 % of financial positions at fair value* |
|---|---|---|
| Europe | 97.44 % | 93.13 % |
| North America | 0.44 % | 2.57 % |
| South America | 2.11 % | 2.96 % |
| Asia/Other | 0.01 % | 1.34 % |
| **Total** | 100.00 % | 100.00 % |

The Company has reviewed the movement in the financial assets exposed to equity price risk during the year, and has determined that a rise or fall of 5% in such financial assets, with all other variables held constant, would result in the portfolio increasing or decreasing by approximately USD6,392,828 (2019: USD18,359,748).

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**
**December 31, 2020**

## 5. RISKS ASSOCIATED WITH FINANCIAL INSTRUMENTS (Continued)

### *(b) Currency risk*

Currency risk is the risk that the fair value or future cash flows of financial assets and liabilities will fluctuate because of changes in foreign exchange rates.

The Company holds monetary assets denominated in currencies other than USD, its functional currency. It is therefore exposed to currency risk, as the value of such assets may fluctuate due to changes in exchange rates. The Company aims to substantively hedge against the currency risk created by non-base currency assets, using amongst other strategies, a rolling monthly forward contract program usually based off the fair value of the non-USD assets at each month-end.

The Company is exposed to currency risk arising from its exposure to the Companies. The Company holds monetary assets denominated in currencies other than USD, its functional currency. It is therefore exposed to currency risk, as the value of such assets may fluctuate due to changes in exchange rates. The significant currency risk exposures of the Companies are presented in Note 5 of the Companies' financial statements.

Currency risk is monitored continuously and actively managed by the Investment Manager.

## NOTES TO THE FINANCIAL STATEMENTS (Continued)
## December 31, 2020

## 5. RISKS ASSOCIATED WITH FINANCIAL INSTRUMENTS (Continued)

### *(b) Currency risk (continued)*

The Company's total net exposure to fluctuations in all currency exchange rates as at December 31, 2020 was as follows:

| 2020 | *EUR* *USD* | *GBP* *USD* | *CHF* *USD* | *ISK* *USD* | *JPY* *USD* | *SGD* *USD* | *USD* *USD* | *Total* *USD* |
|---|---|---|---|---|---|---|---|---|
| **Assets** | | | | | | | | |
| Cash and cash equivalents | 75,246,861 | 89,045,977 | 9,775,904 | 15,647 | – | – | 37,004,466 | 211,088,855 |
| Financial assets at fair value through profit or loss | 2,402,657,163 | 235,601,853 | 53,915,625 | – | 817,218 | 463,692 | 641,049,254 | 3,334,504,805 |
| Interest receivable | 4,053,366 | 820,191 | 1,038,281 | – | – | – | 635,127 | 6,546,965 |
| Other assets | 11,658 | – | – | – | – | – | 409,652 | 421,310 |
| Amounts due from brokers | 86,940,098 | 59,806 | – | – | – | – | 45,456,105 | 132,456,009 |
| **Total assets** | 2,568,909,146 | 325,527,827 | 64,729,810 | 15,647 | 817,218 | 463,692 | 724,554,604 | 3,685,017,944 |
| **Liabilities** | | | | | | | | |
| Profit participating notes at fair value through profit or loss | – | – | – | – | – | – | (3,469,600,294) | (3,469,600,294) |
| Financial liabilities at fair value through profit or loss | (542,859) | – | – | – | – | – | – | (542,859) |
| Amounts due to brokers | (175,683,617) | – | – | – | – | – | (30,305,525) | (205,989,142) |
| Investment management fees payable | – | – | – | – | – | – | (5,676,318) | (5,676,318) |
| Legal fees payable | – | – | – | – | – | – | (937,640) | (937,640) |
| Audit fees payable | (48,868) | – | – | – | – | – | – | (48,868) |
| Tax fees payable | (306,221) | – | – | – | – | – | (2,000) | (308,221) |
| Other payables | (134,127) | – | (21,524) | – | – | – | (1,741,829) | (1,897,480) |
| **Total liabilities** | (176,715,692) | – | (21,524) | – | – | – | (3,508,263,606) | (3,685,000,822) |
| Net currency exposure | 2,392,193,454 | 325,527,827 | 64,708,286 | 15,647 | 817,218 | 463,692 | (2,783,709,002) | 17,122 |

NOTES TO THE FINANCIAL STATEMENTS (Continued)
December 31, 2020

## 5. RISKS ASSOCIATED WITH FINANCIAL INSTRUMENTS (Continued)

### *(b) Currency risk (continued)*

The Company's total net exposure to fluctuations in all currency exchange rates as at December 31, 2019 was as follows:

| 2019 | *EUR* USD | *GBP* USD | *CHF* USD | *JPY* USD | *USD* USD | *Total* USD |
|---|---|---|---|---|---|---|
| **Assets** | | | | | | |
| Cash and cash equivalents | 94,141,046 | 68,712,607 | 72,741 | – | 12,738,282 | 175,664,676 |
| Financial assets at fair value through profit or loss | 1,763,800,191 | 198,406,291 | 17,862,612 | 854,577 | 608,865,270 | 2,589,788,941 |
| Interest receivable | 30,087,367 | 2,510,195 | – | – | – | 32,597,562 |
| Other assets | 1,677,408 | – | – | – | – | 1,677,408 |
| Amounts due from brokers | 4,665,330 | – | – | – | – | 4,665,330 |
| **Total assets** | 1,894,371,342 | 269,629,093 | 17,935,353 | 854,577 | 621,603,552 | 2,804,393,917 |
| **Liabilities** | | | | | | |
| Profit participating notes at fair value through profit or loss | – | – | – | – | (2,701,511,237) | (2,701,511,237) |
| Amounts due to brokers | (35,095) | (76,216,250) | – | – | – | (76,251,345) |
| Investment management fees payable | – | – | – | – | (4,510,064) | (4,510,064) |
| Legal fees payable | – | – | – | – | (263,529) | (263,529) |
| Audit fees payable | (134,568) | – | – | – | (13,250) | (147,818) |
| Tax fees payable | (213,681) | – | – | – | – | (213,681) |
| Other payables | (46,838) | – | – | – | (21,434,533) | (21,481,371) |
| **Total liabilities** | (430,182) | (76,216,250) | – | – | (2,727,732,613) | (2,804,379,045) |
| Net currency exposure | 1,893,941,160 | 193,412,843 | 17,935,353 | 854,577 | (2,106,129,061) | 14,872 |

NOTES TO THE FINANCIAL STATEMENTS (Continued)
December 31, 2020

## 5. RISKS ASSOCIATED WITH FINANCIAL INSTRUMENTS (Continued)

### *(b) Currency risk (continued)*

Below is a complete list of all the closing exchange rates against the USD for all relevant currencies at year end.

**Exchange rates expressed against the USD used in valuation as at December 31, 2020 and December 31, 2019**

| | *2020* | *2019* |
|---|---|---|
| EUR | 0.8185 | 0.8917 |
| GBP | 0.7315 | 0.7544 |
| CHF | 0.8852 | 0.9676 |
| ISK | 127.7800 | 121.1800 |
| BRL | 5.1938 | 4.0198 |
| JPY | 103.2500 | 108.6100 |
| SEK | 8.2273 | 9.3659 |
| SGD | 1.3213 | 1.3450 |

As at December 31, 2020 and December 31, 2019, had the USD appreciated by 5% in relation to all currencies without hedging in place and with all other variables held constant, net assets would have decreased by the amounts shown below.

| 2020 | *EUR USD* | *GBP USD* | *CHF USD* | *ISK USD* | *JPY USD* | *SGD USD* | *Total USD* |
|---|---|---|---|---|---|---|---|
| **Appreciation of USD by 5%** | | | | | | | |
| Movement in net assets | 119,609,673 | 16,276,391 | 3,235,414 | 782 | 40,861 | 23,185 | 139,186,307 |

| 2019 | *EUR USD* | *GBP USD* | *CHF USD* | *JPY USD* | *Total USD* |
|---|---|---|---|---|---|
| **Appreciation of USD by 5%** | | | | | |
| Movement in net assets | 94,697,058 | 9,670,642 | 896,768 | 42,729 | 105,307,197 |

A 5% depreciation of the USD against the above currencies as at December 31, 2020 and December 31, 2019 would have had the equal but opposite effect on the currencies.

### *(c) Interest rate risk*

Interest rate risk is the risk that the fair value or future cash flows of interest bearing financial assets and liabilities will fluctuate because of changes in interest rates. The Company is exposed to risks associated with the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows.

The Investment Manager does not consider interest rate risk to be a significant risk for this portfolio including for positions which are valued using discounted cash flow techniques. As at December 31, 2020, the Company's portfolio was exposed to 0.80% (2019: 2.99%) floating rate instruments, 28.35% (2019: 20.48%) fixed rate instruments and 70.85% (2019: 76.52%) non-interest bearing instruments.

In the case of maturities of less than one year and given the current low interest environment, a decrease in interest rates is unlikely to impact on the value of the portfolio. If interest rates increase significantly, there is a risk that the value of the portfolio will decline due to relative value adjustments.

NOTES TO THE FINANCIAL STATEMENTS (Continued)
December 31, 2020

## 5. RISKS ASSOCIATED WITH FINANCIAL INSTRUMENTS (Continued)

### *(c) Interest rate risk (continued)*

Of the securities with maturities of one to five years and over five years set out in the table below, USD25,949,829 (2019: USD56,644,008) pertains to securities with a floating rate of interest and amount to 0.78% (2019: 2.18%) of the Company's financial positions held. On this basis, the Company does not have significant interest rate risk. A change in interest rates will have little effect on the income of the Company in the case of floating rate instruments.

The Company invests part of its assets in the Companies via the issuance of PPNs. The Companies are exposed to risks associated with the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows. The significant interest rate risk exposures of the Companies are presented in Note 5 of the Companies' financial statements.

For risk management purposes the Company may, utilise a variety of financial instruments such as interest rate swaps as and when it is deemed appropriate, to protect against possible changes in the fair value of the Company's investment portfolio resulting from changes in interest rates.

The table below summarises the Company's exposure to interest rate risks as at December 31, 2020. It includes the Company's assets and liabilities at fair values, categorised by the maturity dates.

| 2020 | *Less than 3 months USD* | *1 - 3 months USD* | *3 months - 1 year USD* | *1 - 5 years USD* | *Over 5 years USD* | *Non-interest bearing USD* | *Total USD* |
|---|---|---|---|---|---|---|---|
| **Assets** | | | | | | | |
| Cash and cash equivalents | 211,088,855 | – | – | – | – | – | 211,088,855 |
| Financial assets at fair value through profit or loss | 389,417 | 20,499,185 | 230,966,917 | 516,630,007 | 203,357,916 | 2,362,661,363 | 3,334,504,805 |
| Interest receivable | – | – | – | – | – | 6,546,965 | 6,546,965 |
| Amounts due from brokers | – | – | – | – | – | 132,456,009 | 132,456,009 |
| Other assets | – | – | – | – | – | 421,310 | 421,310 |
| **Total assets** | 211,478,272 | 20,499,185 | 230,966,917 | 516,630,007 | 203,357,916 | 2,502,085,647 | 3,685,017,944 |
| **Liabilities** | | | | | | | |
| Profit participating notes at fair value through profit or loss | – | – | – | – | – | (3,469,600,294) | (3,469,600,294) |
| Financial liabilities at fair value through profit or loss | | | | | | (542,859) | (542,859) |
| Amounts due to brokers | – | – | – | – | – | (205,989,142) | (205,989,142) |
| Investment management fees payable | – | – | – | – | – | (5,676,318) | (5,676,318) |
| Legal fees payable | – | – | – | – | – | (937,640) | (937,640) |
| Audit fees payable | – | – | – | – | – | (48,868) | (48,868) |
| Tax fees payable | – | – | – | – | – | (308,221) | (308,221) |
| Other payables | – | – | – | – | – | (1,897,480) | (1,897,480) |
| **Total liabilities** | – | – | – | – | – | (3,685,000,822) | (3,685,000,822) |

## NOTES TO THE FINANCIAL STATEMENTS (Continued)
## December 31, 2020

### 5. RISKS ASSOCIATED WITH FINANCIAL INSTRUMENTS (Continued)

#### *(c) Interest rate risk (continued)*

The table below summarises the Company's exposure to interest rate risks as at December 31, 2019. It includes the Company's assets and liabilities at fair values, categorised by the maturity dates.

| 2019 | *Less than 3 months USD* | *3 months - 1 year USD* | *1 - 5 years USD* | *Over 5 years USD* | *Non-interest bearing USD* | *Total USD* |
|---|---|---|---|---|---|---|
| **Assets** | | | | | | |
| Cash and cash equivalents | 175,664,676 | – | – | – | – | 175,664,676 |
| Financial assets at fair value through profit or loss | 11,076,923 | 9,837,018 | – | 587,040,867 | 1,981,834,133 | 2,589,788,941 |
| Interest receivable | – | – | – | – | 32,597,562 | 32,597,562 |
| Amounts due from brokers | – | – | – | – | 4,665,330 | 4,665,330 |
| Other assets | – | – | – | – | 1,677,408 | 1,677,408 |
| **Total assets** | 186,741,599 | 9,837,018 | – | 587,040,867 | 2,020,774,433 | 2,804,393,917 |
| **Liabilities** | | | | | | |
| Profit participating notes at fair value through profit or loss | – | – | – | – | (2,701,511,237) | (2,701,511,237) |
| Amounts due to brokers | – | – | – | – | (76,251,345) | (76,251,345) |
| Investment management fees payable | – | – | – | – | (4,510,064) | (4,510,064) |
| Legal fees payable | – | – | – | – | (263,529) | (263,529) |
| Audit fees payable | – | – | – | – | (147,818) | (147,818) |
| Tax fees payable | – | – | – | – | (213,681) | (213,681) |
| Other payables | – | – | – | – | (21,481,371) | (21,481,371) |
| **Total liabilities** | – | – | – | – | (2,804,379,045) | (2,804,379,045) |

The table above illustrates the percentage of the portfolio comprising non-interest bearing securities including non-performing and defaulted instruments and claims as at December 31, 2020 and December 31, 2019.

The Investment Manager has determined that a fluctuation in interest rates of 50 basis points is reasonably possible, considering the economic environment in which the Company operates. The impact of such an increase or reduction has been estimated by calculating the fair value changes of the securities with a fixed interest rate. As at December 31, 2020, should the fixed interest rates have increased or decreased by 50 basis points assuming that all other variables, in particular foreign currency rates, remain constant, the decrease/increase in the Company's financial positions held for the year would be approximately USD4,725,054 (2019: USD2,651,984) which is 0.14% (2019: 0.1%) of the Company's financial positions held.

#### *(d) Credit risk*

Credit risk is the risk that an issuer or counterparty to a financial asset may cause a financial loss for the Company by failing to discharge an obligation.

The Company measures credit risk and expected credit loss using probability of default, exposure at default and loss given default.

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**
**December 31, 2020**

## 5. RISKS ASSOCIATED WITH FINANCIAL INSTRUMENTS (Continued)

### *(d) Credit risk (continued)*

At December 31, 2020 and December 31, 2019, the Company's financial assets measured at amortised cost include cash and cash equivalents, due from brokers and other receivables which are held with counterparties with a credit rating of BBB+ or higher and are due to be settled within 1 week. Management consider the probability of default to be close to zero as these instruments have a low risk of default and the counterparties have a strong capacity to meet their contractual obligations in the near term. As a result, no loss allowance has been recognised based on 12-month expected credit loss as any such impairment would be wholly insignificant to the Company.

The Company is exposed to credit risk in three ways:

(i) Credit risk arising from its exposure to the underlying creditor or issuer of loans or bonds held within the portfolio – if the creditor or issuer defaults or repayments are impaired, the Company faces a potential loss.

The Investment Manager seeks to minimise this element of credit risk via initial detailed analysis of each underlying creditor or issuer prior to its investment and thereafter with a continuation of that analysis throughout the lifecycle of the investment whilst held in the portfolio.

(ii) Credit risk arising from its exposure to counterparties both on amounts due from and assets held with such counterparties. As at December 31, 2020 and December 31, 2019, the Company primarily faced the following types of counterparties:

(a) Custodian: Wilmington Trust National Association holds the Company's cash and Wilmington Trust National Association has appointed State Street Corporation as sub-custodian to hold the portfolio securities (such as bonds and equity).

(b) Broker dealers: where the Company holds loans and claims via sub-participation arrangements and also direct assets.

(c) Other: mainly counterparties from whom the Company has directly purchased claims and assets and corporate borrowers where the Company is providing money to counterparties by purchasing loans in the secondary market or restructuring the capital structure.

(iii) Credit risk arising from its exposure to the Companies through the Company's investment of part of its assets in the Companies via the issuance of PPNs. The Companies operates as an integral part of the Company's strategy, the PPNs performance is linked to the performance of the underlying portfolio held by the Companies. The investment management strategy for the Companies is consistent with that of the Company.

NOTES TO THE FINANCIAL STATEMENTS (Continued)
December 31, 2020

## 5. RISKS ASSOCIATED WITH FINANCIAL INSTRUMENTS (Continued)

### *(d) Credit risk (continued)*

The Companies' underlying portfolio is exposed to credit risk in two ways:

1. Credit risk arising from its exposure to the creditor or issuer of loans or bonds held by the Companies. In case of default of the creditor or issuer of loans or bonds, the Companies may face a potential loss. The Investment Manager minimises the risk by performing due diligence of underlying issuer or creditor and thereafter continuously performing the analysis throughout the lifecycle of investment.

2. Credit risk arising from its exposure to both amount due from and assets held with counterparties. The Investment Manager aims to manage the counterparties by carefully selection of counterparties and aim's to hold assets directly if possible.

The significant credit risk exposures of the Companies are presented in Note 5 of the Companies' financial statements.

Counterparty risk can be further analysed depending on whether the method of purchase employed is an assignment or a participation. After careful consideration of other relevant factors such as tax, legal and strategy, the Company seeks to hold loans and claims directly where able to do so.

If characteristics of the transaction require the Company to hold assets via sub-participation, the Investment Manager aims to structure the sub-participation documents in a manner which seeks to enhance the Company's control and title over the assets.

The Investment Manager aims to manage counterparty risk via careful selection of counterparties, holding assets directly if possible and structuring the documentation in a tailored manner, giving consideration to the characteristics of each deal.

The Investment Manager monitors the Company's credit position on a regular basis including regular monitoring of the credit risk exposure of the claims held by the Company and the maximum exposure to credit risk. The main concentrations and maximum exposure to credit risk at year end were as follows:

| | *2020 USD* | *2019 USD* |
|---|---|---|
| Financial assets at fair value through profit or loss | 2,694,144,763 | 1,025,660,090 |
| Cash and cash equivalents | 211,088,855 | 175,664,676 |
| Interest receivable | 6,546,965 | 32,597,562 |
| Amounts due from brokers | 132,456,009 | 4,665,330 |
| Other assets | 409,652 | 1,677,408 |
| **Total credit risk exposure** | 3,044,646,244 | 1,240,265,066 |

NOTES TO THE FINANCIAL STATEMENTS (Continued)
December 31, 2020

## 5. RISKS ASSOCIATED WITH FINANCIAL INSTRUMENTS (Continued)

### *(d) Credit risk (continued)*

The following tables show the breakdown of the amounts held with the custodians and non-custody assets as at December 31, 2020 and December 31, 2019:

| 2020 | *Credit rating S & P* | *Cash and cash equivalents* | *Financial assets at fair value through profit or loss* | *Amounts due from broker* |
|---|---|---|---|---|
| Arion Banki | BBB | 8,191 | – | – |
| Bank of Ireland | A- | 19,453 | – | – |
| Fossar | Not rated | 15,646 | – | – |
| Islandsbanki | BBB | 108,847 | – | – |
| JP Morgan | A+ | 57,360 | – | – |
| M&T Bank | A- | – | 12,221,756 | – |
| Non custody assets | Not rated | – | 2,046,601,210 * | 132,456,009 |
| State Street | AA- | – | 832,749,418 | – |
| Wilmington Trust | A- | 210,879,358 | – | – |
| | | 211,088,855 | 2,891,572,384 | 132,456,009 |

* USD443,724,429 relates to profit participating notes issued by Hestia Investments Designated Activity Company, Cumberland Investments Designated Activity Company, Mare Finance Investment Holdings Designated Activity Company, Blasket Investments Designated Activity Company, Thalia Investments Designated Activity Company and Skomer Investments Designated Activity Company.

| 2019 | *Credit rating S & P* | *Cash and cash equivalents* | *Financial assets at fair value through profit or loss* | *Amounts due from broker* |
|---|---|---|---|---|
| Bank of New York Mellon | AA- | – | 242,826 | – |
| Deutsche Bank AG | BBB+ | – | 52,122,856 | – |
| Non custody assets | Not rated | – | 733,547,613 | – |
| State Street | AA- | – | 293,788,171 | – |
| Wilmington Trust | A | 175,664,676 | – | 4,665,330 |
| | | 175,664,676 | 1,079,701,466 | 4,665,330 |

The following tables summarise the total credit risk exposure of the fixed income securities held, which includes bonds, bank debt and investment in profit participating notes, at year end by rating agency category.

| 2020 | *Amount USD* | *% of financial positions held* |
|---|---|---|
| **Credit rating** | | |
| CCC/D | 2,922,668 | 0.09 % |
| Not Rated | 1,471,539,856 | 44.13 % |

NOTES TO THE FINANCIAL STATEMENTS (Continued)
December 31, 2020

## 5. RISKS ASSOCIATED WITH FINANCIAL INSTRUMENTS (Continued)

### *(d) Credit risk (continued)*

| 2019 | *Amount USD* | *% of financial positions held* |
|---|---|---|
| **Credit rating** | | |
| B | 3,098,864 | 0.12 % |
| CCC/D | 1,348,029 | 0.05 % |
| Not Rated | 1,021,213,197 | 39.28 % |

The following table contains an analysis of the Company's concentration of credit risk exposure of fixed income securities by geographical distribution:

| | *2020 % of financial positions at fair value* | *2019 % of financial positions at fair value* |
|---|---|---|
| Europe | 43.71 % | 34.60 % |
| North America | 0.42 % | 1.95 % |
| South America | 0.09 % | 2.97 % |
| Asia/Other | – % | 0.08 % |
| **Total** | 44.22 % | 39.60 % |

### *(e) Liquidity risk*

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. Liquidity risk arises because of a possibility that the Company could be required to pay its liabilities earlier than expected.

The Company may, from time to time hold a large concentration of certain investments which may in turn reduce liquidity and under certain circumstances it may take longer to liquidate these positions.

As at December 31, 2020, 96.20% (2019: 96.06%) of the portfolio was held in OTC positions.

During the reporting year, the majority of claims held in the portfolio were accepted claims which traded regularly OTC.

As with marketability, (detailed in section (a) of the note) the liquidity of such claims as opposed to their recoverability may be negatively impacted if the market falls significantly.

## NOTES TO THE FINANCIAL STATEMENTS (Continued)
## December 31, 2020

### 5. RISKS ASSOCIATED WITH FINANCIAL INSTRUMENTS (Continued)

***(e) Liquidity risk (continued)***

The Company invests part of its assets in the Companies via the issuance of PPNs. In accordance with the Companies' policy, the Investment Manager monitors the Companies' liquidity on a regular basis and manages this risk by matching assets and liabilities where possible and monitoring its asset/cash position relative to its future funding obligations. The significant liquidity risk exposures of the Companies are presented in Note 5 of the Companies' financial statements.

The Company has the right to request payment from the Companies, through the PPNs if required. With respect to PPNs, the principal amount which is ultimately repayable will depend on the performance of the underlying portfolio of the Companies and the Company can withdraw fund based upon PPN commitment by Master Fund.

The below tables analyse the Company's financial liabilities into relevant maturity groupings based on the remaining period at the Statement of Financial Position date to the maturity date. This maturity analysis is based on undiscounted contractual cash flows.

| 2020 | *Less than 1 month* USD | *1 - 3 months* USD | *3 months - 1 year* USD | *1 - 5 years* USD | *Over 5 years* USD | *Total* USD |
|---|---|---|---|---|---|---|
| **Liabilities** | | | | | | |
| Profit participating notes at fair value through profit or loss | – | – | – | – | (3,469,600,294) | (3,469,600,294) |
| Financial liabilities at fair value through profit or loss | – | – | – | (542,859) | – | (542,859) |
| Amounts due to brokers | (205,989,142) | – | – | – | – | (205,989,142) |
| Investment management fees payable | (5,676,318) | – | – | – | – | (5,676,318) |
| Legal fees payable | (937,640) | – | – | – | – | (937,640) |
| Audit fees payable | (48,868) | – | – | – | – | (48,868) |
| Tax fees payables | (308,221) | – | – | – | – | (308,221) |
| Other payables | (1,897,480) | – | – | – | – | (1,897,480) |
| **Total liabilities** | (214,857,669) | – | – | (542,859) | (3,469,600,294) | (3,685,000,822) |

| 2019 | *Less than 1 month* USD | *1 - 3 months* USD | *3 months - 1 year* USD | *1 – 5 years* USD | *Over 5 years* USD | *Total* USD |
|---|---|---|---|---|---|---|
| **Liabilities** | | | | | | |
| Profit participating notes at fair value through profit or loss | – | – | – | – | (2,701,511,237) | (2,701,511,237) |
| Amounts due to brokers | (76,251,345) | – | – | – | – | (76,251,345) |
| Investment management fees payable | (4,510,064) | – | – | – | – | (4,510,064) |
| Legal fees payable | (263,529) | – | – | – | – | (263,529) |
| Audit fees payable | (147,818) | – | – | – | – | (147,818) |
| Tax fees payables | (213,681) | – | – | – | – | (213,681) |
| Other payables | (21,481,371) | – | – | – | – | (21,481,371) |
| **Total liabilities** | (102,867,808) | – | – | – | (2,701,511,237) | (2,804,379,045) |

NOTES TO THE FINANCIAL STATEMENTS (Continued)
December 31, 2020

## 5. RISKS ASSOCIATED WITH FINANCIAL INSTRUMENTS (Continued)

### *(e) Liquidity risk (continued)*

In accordance with the Company's policy, the Investment Manager has established processes and controls to monitor the Company's liquidity on a regular basis.

With respect to PPNs, the principal amount ultimately repayable will depend on the performance of the underlying portfolio of the Company. The PPNs are all internally issued and subject to amendment to reflect longer maturity dates closer to date of maturity.

### *(f) COVID-19 risk*

During 2020, global financial markets have experienced and may continue to experience significant volatility resulting from the spread of a coronavirus known as COVID-19. This coronavirus outbreak has severely restricted the level of economic activity around the world.

The investment strategy of the Company is one that focuses on independent, distressed and special situations and not market correlated strategies (although there are no restrictions on strategies or assets that can be invested in under the Funds' offering documentation). Therefore, the health of the Company is largely independent from the macro-economic environment.

The full extent to which the COVID-19 pandemic may impact the Company's results, operations or liquidity is uncertain, the Investment Manager continues to monitor the market volatility, paying close attention to global developments and credit risk and are ready to act appropriately as required.

## 6. OFFSETTING FINANCIAL ASSETS AND LIABILITIES

As at December 31, 2020 and December 31, 2019, the Company did not hold any financial assets or liabilities subject to counterparty netting or collateral requirements. Financial assets and liabilities are shown in the Statement of Financial Position.

## 7. AMOUNTS DUE FROM/TO BROKER

Amounts due from/to brokers comprise amounts receivable or payable for securities transactions that have not settled as at December 31, 2020 and December 31, 2019.

| | *2020 USD* | *2019 USD* |
|---|---|---|
| **Amounts due from brokers** | | |
| Amounts due from brokers | 132,456,009 | 4,665,330 |
| | 132,456,009 | 4,665,330 |
| **Amounts due to brokers** | | |
| Amounts due to brokers | (205,989,142) | (76,251,345) |
| | (205,989,142) | (76,251,345) |

NOTES TO THE FINANCIAL STATEMENTS (Continued)
December 31, 2020

## 8. NET GAIN/LOSS ON FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

| | *2020 USD* | *2019 USD* |
|---|---|---|
| **Net realised gain/(loss) on investments** | | |
| Realised gain on investments | 257,370,281 | 317,532,162 |
| Realised loss on investments | (48,478,079) | (124,469,285) |
| **Net realised gain on investments** | 208,892,202 | 193,062,877 |
| **Net change in unrealised appreciation/ (depreciation) on investments** | | |
| Net change in unrealised appreciation on investments | 410,198,617 | 410,620,753 |
| Net change in unrealised depreciation on investments | (323,335,876) | (463,771,282) |
| **Net change in unrealised depreciation on investments** | 86,862,741 | (53,150,529) |
| **Net gain on financial assets at fair value through profit or loss** | 295,754,943 | 139,912,348 |

## 9. SHAREHOLDERS' CAPITAL

The authorised share capital of the Company is €1,000 divided into 1,000 shares of €1.00 each, 1,000 of which are issued and fully paid up. All of the shares are legally held by Ocorian Corporate Trustees (Ireland) Limited (the Share Trustee) under the terms of a declaration of trust (the Share Trust Agreement) dated April 26, 2018 under which the Share Trustee holds the benefit of the shares on trust for charitable purposes. On April 26, 2018, Ocorian Corporate Trustees (Ireland) Limited replaced Wilmington Trust SP Services (Dublin) Limited as the Share Trustee of the Company, after receipt of all of shares held by Wilmington Trust SP Services (Dublin) Limited. The Share Trustee has no beneficial interest in and derives no benefit from its holding of the shares. There has been no material change in the capitalisation of the Issuer since November 22, 2013, being the date of its incorporation.

## 10. FEES, ALLOCATIONS AND EXPENSES

***Investment Management Fee***

The Company pays an Investment Management Fee monthly in arrears, to the Investment Manager for its services pursuant to the terms of the Investment Management Agreement (the "Investment Management Fee") in an amount equal, in any period, to the same proportion of the "Management Fee" payable by the Master Fund to the Investment Manager. Investment management fees for the year totalled USD58,440,212 (2019: USD55,102,597) of which USD5,676,318 (2019: USD4,510,064) was payable at year end.

The Companies also pay a monthly asset-based management fee to the Investment Manager for its services pursuant to the terms of the Management Agreement between the Companies and the Investment Manager. This is deducted from the Company's monthly management fee calculations to prevent management fees being incurred twice on assets held in the Companies' portfolio.

NOTES TO THE FINANCIAL STATEMENTS (Continued)
December 31, 2020

## 10. FEES, ALLOCATIONS AND EXPENSES (Continued)

**Employee expenses**
The Company has one direct employee (2019: one direct employee). Employee expenses of the Company for the year totalled USD68,243 (2019: USD111,206), inclusive of social insurance costs incurred by the Company on their behalf of USD6,547 and retirement benefit costs of USD2,443.

| | *2020 USD* | *2019 USD* |
|---|---|---|
| **Auditor Remuneration** | | |
| Audit of Company financial statements | 167,984 | 176,689 |
| | 167,984 | 176,689 |

**Legal fees**
The Company incurs legal fees to assist with its trading strategies. 2020 Legal Fees totalled USD6,145,210 of which 37.32% are attributable to a 2020 trading strategy (Confidential Liquidation XXI) and 2 complex long liquidation and litigation claims (Confidential Liquidation XXI and Confidential Litigation Claim II). 2019 legal fees totalled USD3,713,235 of which 45.03% are attributable to 2 complex long duration litigations (Confidential Litigation Claim I and Confidential Litigation Claim II) and 1 special investment.

**Other expenses**
During 2020 the Company incurred other expenses totalling USD7,360,549 which include approximately USD4,560,000 of professional expenses and USD2,800,487 of VAT, Stamp Duty and trading expenses. 2019 Other expenses totalled USD5,278,259 which include approximately USD3,051,000 of professional expenses and USD1,600,000 in VAT, Stamp duty and trading expenses.

## 11. TAXATION

The Company will continue to be actively taxed at 25% in accordance with Section 110 of the Taxes Consolidation Act, 1997. 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.

The tax assessed for the year is higher than the standard rate of corporation tax in the Republic of Ireland (12.5%).

| | *2020 USD* | *2019 USD* |
|---|---|---|
| **Current tax expense** | (750) | (750) |

NOTES TO THE FINANCIAL STATEMENTS (Continued)
December 31, 2020

## 11. TAXATION (Continued)

***Factors affecting tax charge for the year***
Corporation tax has been calculated based on the result for the year and the resulting taxation charge is as follows:

| | *2020 USD* | *2019 USD* |
|---|---|---|
| Profit before taxation | 3,000 | 3,000 |
| Current tax charge at standard rate of 25% | (750) | (750) |
| **Current tax charge** | (750) | (750) |

***Deferred tax***
Any temporary difference arising on the assets will be offset by a corresponding difference in the liabilities. Therefore, the Company does not have deferred tax assets and deferred tax liabilities in 2020 and 2019.

***Uncertain tax positions***
In accordance with IFRIC 23 it is the Company's policy to provide for tax liabilities that meet a more likely than not threshold of being upheld by the relevant tax authorities. The Company's tax positions for all open tax years have been analysed. For the year ended December 31, 2020, the Company has recognised a USDNil provision on uncertain tax positions.

## 12. RELATED PARTIES

The Investment Manager received an Investment Management Fee in respect of its service to the Company as disclosed in Note 10. The Investment Manager is also the Investment Manager to the Attestor Value Master Fund LP (the "Master Fund") who currently owns all of the outstanding PPN's of the Company. The Company received investment securities with a fair value of USD5,438,778 (2019: USDNil) at arm's length, in consideration for the issuance of PPN's. As part of the financing of the Companies, the Company transferred securities with a fair value of USDNil (2019: USD75,954,377) at arm's length, in consideration for the issuance of PPN's in those Companies. During the year the Company transferred investment securities with a fair value of USD93,334,024 (2019: USDNil) at arm's length to the Master Fund.

Two Directors of the Company, Alan Geraghty and Roger McGreal were appointed through Wilmington Trust and do not receive a fee or any form of compensation or benefit from the Company. Anke Moran is an employee of Attestor Capital Ireland Limited and does not receive a fee from the Company. As at December 31, 2020, Anke Moran held 327,423 Management Shares in the Attestor Value Fund Limited.

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**
**December 31, 2020**

## 12. RELATED PARTIES (Continued)

The Company has determined that it meets the definition of an investment entity under IFRS 10, 'Consolidated financial statements'. As a result, the Company has not consolidated the results of its subsidiaries. These investments are accounted for at fair value through profit or loss. The Company has been deemed to meet the definition of an investment entity per IFRS 10 as the following conditions exist: a) The Company has obtained funds for the purpose of providing investors with investment management services. b) The Company's business purpose, which was communicated directly to investors, is investing solely for returns from capital appreciation and investment income. c) The performance of investments made through the Company are measured and evaluated on a fair value basis. As a result, the Company has not consolidated the results of the below companies which are classified as investments that are accounted for at fair value through profit and loss.

Hestia Investments Designated Activity Company, Cumberland Investments Designated Activity Company, Mare Finance Investment Holdings Designated Activity Company, Blasket Investments Designated Activity Company, Thalia Investments Designated Activity Company and Skomer Investments Designated Activity Company are used to make investments on behalf of the Company. Refer to Note 1 for further details of the relationship between the Companies and the Company.

| | *Country of incorporation* | *Nature of business* | *% of Nominal capital 2020* | *% of Nominal capital 2019* |
|---|---|---|---|---|
| **Subsidiary Companies** | | | | |
| Trinity Vastgoed Holding B.V. | Netherlands | Investment company | 100.00% | 100.00% |
| Trinity Vastgoed I-Quarters Holding B.V. | Netherlands | Investment company | 100.00% | –% |
| Thalia Investments Designated Activity Company | Ireland | Investment company | 100.00% | 100.00% |
| Blue Acquisition Co Ltd | Ireland | Investment company | 100.00% | 100.00% |
| River S.p.A | Italy | Investment company | 100.00% | 100.00% |
| River Due S.R.L | Italy | Investment company | –% | 100.00% |
| River Tre S.p.A | Italy | Investment company | 91.00% | 91.00% |
| River Quattro S.R.L | Italy | Investment company | 100.00% | 100.00% |
| Banca Intermobiliare (BIM) | Italy | Investment company | 87.00% | 87.00% |
| **Associate Company** | | | | |
| Satere Beteiligungsverwaltungs GmbH | Austria | Investment company | 45.00% | 45.00% |

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**
**December 31, 2020**

## 12. RELATED PARTIES (Continued)

During 2020, the Company received distributions totalling USD74,023,774 (2019: USDNil) from Trinity Vastgoed Holding B.V. by way of returns of share premium contribution and USDNil (2019: USD28,110,653) share premium was contributed to Trinity Vastgoed Holding B.V. Loan repayments of USD156,034,044 (2019: USDNil) were received from the subsidiaries of Trinity Vastgoed Holding B.V. and USD32,351,939 (2019: USD65,591,523) was paid through loan issuances to the subsidiaries of Trinity Vastgoed Holding B.V. The Company received dividends totalling USD40,998,375 from Trinity Vastgoed Holding B.V. As at December 31, 2020 the Company had a payable of USDNil (2019: USD45,386,405) to Trinity Vastgoed Holding B.V and a receivable of USDNil (2019: USD28,448,879) from Trinity Vastgoed Holding B.V.

During 2020, Trinity Vastgoed I-Quarters Holding B.V. was incorporated and the Company paid USD85,486,144 as an initial issuance of share premium contribution to Trinity Vastgoed I-Quarters Holding B.V. and paid USD38,731,307 through a loan issuance.

During 2020, the Company paid USD5,530 to River S.p.A as a capital contribution.

During 2020, the Company paid USD47,073 to River Tre S.p.A as a capital contribution.

During 2020, the Company sold its equity holding in River Due S.p.A.

During 2020, the Company participated in a rights issuance and received a return of USD5,404,110 from BIM due to excess advance capital contributions made during 2019. During 2019, the Company paid USD40,961,970 to BIM as an advance capital contribution for the rights issuance in 2020.

The shares held by the Company in Thalia Investments DAC and Thalia Investments DAC in Hotel Residence Club S.p.A. have been pledged as security for Hotel Residence Club S.p.A.'s external borrowings. By way of additional security for the repayment of the external borrowings, the Company agreed to subordinate any amounts owed by Thalia Investments DAC and Hotel Residence Club S.p.A. to the providers of the external borrowings; including but not limited to PPNs between the Company and Thalia Investments DAC. As the PPNs are in bearer form, the physical holding of the notes has been transferred to the providers of the external borrowings' appointed safe keeping service provider.

## 13. MANAGED CAPITAL BASE

The Company views the PPNs issued as its capital. The Company maintains an actively managed capital base to cover risks inherent in the business and may seek financial support as deemed necessary by issuance of further PPNs. The Company manages its capital and makes changes to it in light of changes to economic conditions and risk characteristics of its activities. In order for the Company to maintain or adjust its capital structure, the Company may seek financial support as deemed necessary. There have been no changes to the capital structure of the Company during the year.

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**
**December 31, 2020**

## 14. CONTINGENCIES

At December 31, 2020, Attestor Limited (on behalf of itself and its managed funds) had committed to support a confidential proposed restructuring process of a distressed group with new money funding. The extent of the maximum possible future funding commitment was USD255,545,389 equivalent at December 31, 2020 of which USD54,115,385 was expected to be allocated to the Company.

At December 31, 2020, the Company had extended an undrawn loan commitment of EUR350,000 to a borrower with whom the Company already has business dealings. This commitment was never drawn upon and was cancelled effective February 5, 2021.

## 15. SUBSEQUENT EVENTS

In connection with the preparation of the accompanying financial statements as at December 31, 2020, management has evaluated the impact of all subsequent events on the Company through March 24, 2021, the date the financial statements were available to be issued. Subsequent to year end, the Company issued loan notes of USD84,965,907 value (2019: USD95,952,067) and redemptions of loan notes of USD192,145,798 value (2019: USD88,476,608).

In relation to the restructuring process contingency at December 31, 2020, the Company funded USD40,921,613 equivalent on February 23, 2021 to extinguish its related commitments in full. For more details please see Note 14.

There were no other material events after the reporting year.

## 16. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved and signed by the Board of Directors on, March 24, 2021.