

EQUITIX MA 4 CAPITAL EUROBOND LIMITED

**ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2019**

Registered Number: 10849899

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Directors and advisers

Directors

H B Crossley

G A Jackson

J C Smith

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Auditor

KPMG LLP

Chartered Accountants

15 Canada Square

London

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Principal bankers

HSBC PLC

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STRATEGIC REPORT

BUSINESS MODEL

Equitix MA 4 Capital Eurobond Limited (the "Company") was incorporated in England and Wales on 4 July 2017 and issued 100 ordinary shares of £1 each. The financial statements for the year from 1 January 2019 to 31 December 2019.

The Company's principal activities relate to investment in long-term PPP/PFI contracts held with local authorities in the UK. The Company, through its subsidiary investments, currently holds contracts to develop and operate assets throughout the United Kingdom.

REVIEW OF THE PERIOD

The Company's performance reflects the position under the various inter-company and inter-group agreements that were in place during the period, and the fair value movement of the underlying project.

The results for the period are shown on page 6 in the Statement of Comprehensive Income. This shows a loss before tax of £11,559k (2018: £3,242k). The profit for the year includes an increase in the fair value of the investments of £3,121k (2018: profit of £12,631k). The impact on the investment of the 2020 corona virus outbreak is described in note 2(b).

The Company's direct subsidiaries and joint ventures are held at fair value in the Statement of Financial Position with movements recorded through the Statement of Comprehensive Income as explained in note 2. In order to determine the fair value of these investments, the Company takes into consideration the fair value of all the underlying portfolio companies and intermediate holding companies.

KEY PERFORMANCE INDICATORS

The key performance indicators for the Company are primarily client and financially focused; including those listed below:

- tracking the performance and delivery of the services in conjunction with the KPIs set by the local authorities;
- the progress of the individual project companies;
- the comparison of actual cash flows costs to those that have been forecast;
- the value of investments held in the Company portfolio in association with the expected future cash flows; and
- that all operational projects are performing within the restrictions of all project documentation.

FUTURE DEVELOPMENTS

The Directors of the Company are not aware of any circumstances by which the principal activity of the Company would alter or cease; the Company will continue to act as holding Company for the Equitix MA 4 LP, Equitix Fund V LP and Equitix MA 4 Japan LP PFI / PPP assets.

PRINCIPAL RISKS AND UNCERTAINTIES

The Company has entered into inter-Company loan agreements with its parent entity and into loan arrangements with its investments. A principal risk is the Company not receiving interest payments in order to make interest payments to its parent entity. Therefore, the Company's main concerns are attributable to the sound operation of the underlying PFI/PPP infrastructure assets, ensuring that the modelled cash flows, made up of, but not limited to, subordinated debt principal repayments, subordinated debt interest payments, dividends and other fees are indeed received. The Company will monitor actual and projected cash flows to ensure that the returns are as expected. In addition, the Company will also look to optimise returns from the underlying PFI/PPP local authority infrastructure assets through achieving efficiencies at project level and by maximising synergies at portfolio level.

By order of the Board



J C Smith
25 February 2021

DIRECTORS' REPORT

The Directors submit their annual report and the audited financial statements for the year ended 31 December 2019.

Directors

The Directors who served throughout the period and up to the date of this report, except as noted, are shown on page 1.

RESULTS AND DIVIDENDS

The Company's performance reflects the position under the various inter-Company and inter-group agreements that have been put in place during the period, and the ongoing performance and value of the investment portfolio. See Strategic Report for further detail.

FINANCIAL RISK REVIEW

Interest rate risk

The Company's investments have various senior debt agreements to fund project construction and operations. These loans are non-recourse to Company and are raised with senior debt interest rates of 12.00% to obtain the desired interest profile.

Market risks

The Company has adopted a policy of only dealing with creditworthy counterparties and PFI/PPP concessions are entered into with government or semi-government authorities, thereby protecting income streams over the course of long term contracts. The characteristics of these long-term contracts mean that income and cost is typically fixed or capped throughout the life of the project and therefore the Company has very limited exposure to market risks.

Liquidity risk

The Company manages liquidity risk by maintaining adequate borrowing facilities by continuously monitoring forecast and actual cash flows stemming from the underlying projects and matching maturity profiles of financial assets and liabilities. The Company's policy throughout the period has been to ensure continuity of funding using the various facilities outlined in the interest rate section above. Senior bank loans are matched in duration to the life of the project concession and are non-recourse to the Company.

Currency risk

The Company only deals in sterling and therefore has no exposure to foreign exchange risk.

Performance Risk

The Company mitigates performance risk through a robust asset management process, and passes on risks of non-performance to service providers and subcontractors.

Going concern

The financial statements are prepared on a going concern basis which the directors believe to be appropriate. However, note 2(b) sets out a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern and, therefore, to continue realising its assets and discharging its liabilities in the normal course of business.

AUDITOR

Each of the persons who is a Director at the date of approval of this report confirms that:

- so far as the Director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the Director has taken all the steps that he ought to have taken as a Director in order to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

FUTURE DEVELOPMENTS

Details of future developments can be found in the Strategic Report on page 2 and form part of this report by cross-reference.

By order of the Board

A handwritten signature in black ink, appearing to be 'J C Smith', written in a cursive style.

J C Smith
25 February 2021

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ANNUAL REPORT AND FINANCIAL STATEMENTS

The Directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations. □

Company law requires the Directors to prepare financial statements for each financial year. Under that law they are required to prepare the financial statements in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006, and applicable law.

Under Company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of its profit or loss for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that its financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF EQUITIX MA 4 CAPITAL EUROBOND LIMITED

Opinion

We have audited the financial statements of Equitix MA 4 Capital Eurobond Limited ("the company") for the year ended 31 December 2019 which comprise the Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity, Statement of Cashflows and related notes, including the accounting policies in note 2.

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2019 and of its loss for the year then ended;
- the financial statements have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Material uncertainty related to going concern

We draw attention to note 2(b) to the financial statements which indicates that the Company's ability to continue as a going concern is dependent on the ability of the underlying investee to continue as a going concern, which in turn is dependent on the recovery of its operations from the Covid 19 pandemic and continuing waivers of covenant requirements from its lender. These events and conditions, along with the other matters explained in note 2b, constitute a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern.

Our opinion is not modified in respect of this matter.

Strategic Report and Directors' Report

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

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

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial period is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in these respects.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF EQUITIX MA 4 CAPITAL EUROBOND LIMITED (CONTINUED)

Directors' responsibilities

As explained more fully in their statement set out on page 5, the Directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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

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

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

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members 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.



Matthew Williams (Senior Statutory Auditor)

for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants

15 Canada Square

London

E14 5GL

26 February 2021

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2019

		For the year ended 31 December 2019	For the period 04 July 2018 to 31 December 2018
	Notes	£'000	£'000
Interest income	7	8,956	9,018
Fair value gain on investments	11	3,121	12,631
Profit from operations	5	12,077	21,649
Finance cost	8	(23,636)	(24,891)
Loss before tax		(11,559)	(3,242)
Tax	9	-	-
Loss after tax		(11,559)	(3,242)
Other Comprehensive income		-	-
Total comprehensive loss		(11,559)	(3,242)

All the above items relate to continuing operations.

The notes on pages 14 to 27 form part of these financial statements.

There are no items of comprehensive income other than the profit for the year, therefore a separate Statement of Total Comprehensive Income has not been prepared.

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2019

	Notes	As at 31 December 2019 £'000	As at 31 December (*Restated) 2018 £'000
Non-current assets			
Investments held at fair value	10	216,154	216,302
		<u>216,154</u>	<u>216,302</u>
Current assets			
Receivables	12	-	3,926
		<u>-</u>	<u>3,926</u>
Total assets		<u>216,154</u>	<u>220,228</u>
Current liabilities			
Interest payable to parent	13	(27,284)	(19,799)
Borrowings	14	-	(61,171)
		<u>(27,284)</u>	<u>(80,970)</u>
Net current liabilities		<u>(27,284)</u>	<u>(77,044)</u>
Non-current liabilities			
Borrowings	14	(203,671)	(142,500)
		<u>(203,671)</u>	<u>(142,500)</u>
Total liabilities		<u>(230,955)</u>	<u>(223,470)</u>
Net liabilities		<u>(14,801)</u>	<u>(3,242)</u>
Equity			
Share capital	15	-	-
Retained losses		<u>(14,801)</u>	<u>(3,242)</u>
		<u>(14,801)</u>	<u>(3,242)</u>
Shareholders' deficit		<u>(14,801)</u>	<u>(3,242)</u>

* See note 2

The notes on pages 14 to 27 form part of these financial statements.

The financial statements of Equitix MA 4 Capital Eurobond Limited, registered number 10849899, were approved by the Board of Directors and authorised for issue on 25 February 2021 and were signed on its behalf by:



J C Smith
Director

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2019

	Note	Share capital £'000	Retained losses £'000	Total £'000
Balance as at 1 January 2019		-	(3,242)	(3,242)
Issue of share capital	15	-	-	-
Loss for the year		-	(11,559)	(11,559)
Balance as at 31 December 2019		-	(14,801)	(14,801)

	Note	Share capital £'000	Retained losses £'000	Total £'000
Balance as at 4 July 2017		-	-	-
Issue of share capital	15	-	-	-
Loss for the period		-	(3,242)	(3,242)
Balance as at 31 December 2018		-	(3,242)	(3,242)

The notes on pages 14 to 27 form part of these financial statements.

**CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2019**

The Company does not have a bank account and therefore has no cash transactions (2018: none *restated*).

In the prior year financial statements a cash flow statement presented certain transactions as cash transactions however the company did not have a bank account. As such all transactions were non-cash and for this reason the prior year cash flow statement has been restated.

Notes to the financial statements for the year ended 31 December 2019

1 GENERAL INFORMATION

Equitix MA 4 Capital Eurobond Limited (the "Company") is a private Company limited by shares incorporated, domiciled and registered in England and Wales in the UK, under the Companies Act 2006. The Company's registered address is disclosed in page 1. The nature of the Company's operations and its principal activities are set out in the Strategic Report on page 2. These financial statements are presented in pounds sterling, being the currency of the primary economic environment in which the Company operates. Monetary amounts are rounded to the nearest £'000.

2 ACCOUNTING POLICIES**a) Basis of preparation**

These financial statements have been prepared and approved by the directors in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 ("adopted IFRSs"). A summary of the principal accounting policies, all of which have been applied consistently throughout the current and previous period are set out below.

The financial statements are prepared on the historical cost basis except certain financial assets measured at fair value. As a consequence of the Company's parent meeting the criteria to be defined as an Investment Entity under International Financial Reporting Standard (IFRS) 10, Consolidated Financial Statements ("IFRS 10"), the Company's results are not consolidated into a parent entity. The Company has considered the need to prepare consolidated financial statements, however, the Company has adopted Investment Entities (Amendments to IFRS 10, IFRS 12, and IAS 27) and meets the definition of an Investment Entity under IFRS 10, on the basis of the following criteria:

- (i) the Company obtains funds from multiple ultimate investors for the purpose of providing those investors with investment management services;
- (ii) the Company commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income, or both; and
- (iii) the Company measures and evaluates the performance of substantially all of its investment on a fair value basis.

As such it is required to account for its investments at fair value through profit and loss and hence has not prepared consolidated financial statements.

IFRS 10 requires the Company to measure its interests in subsidiary investments under IFRS 9: Financial Instruments ("IFRS 9") and IFRS 13: Fair Value Measurement ("IFRS 13"). The investments are valued at fair value with gains or losses on measurement of investments accounted for through profit or loss (see note 10).

Joint ventures are those entities over which the Company has significant influence and joint control as defined in IAS 28 'Investments in Associates and Joint Ventures'. By virtue of the Company meeting the definition of a fund management company and the wholly-owned subsidiary of an investment fund and the exemption provided by IAS 28, investments in such entities are designated upon initial recognition to be accounted for at fair value through profit and loss, in accordance with the equivalent measurement exception under IAS 28 and IFRS 13, with changes in fair value recognised in profit or loss in the period of charge.

b) Going concern

The financial statements are prepared on a going concern basis which the Directors believe to be appropriate for the following reasons.

The Company's sole activity is to hold investments in the underlying operating entities of the HS 1 rail link, both domestically and internationally.

The operations of that rail link have been adversely affected by the Covid 19 pandemic. Management forecasts indicate that existing cash resources and current state income generation will be sufficient to service debt financing up to September 2021. In addition, the lender to the operations has been notified of a potential financial covenant breach and consequently waived their rights until September 2021. Continuing to service debt financing is thereafter dependent on a recovery of the operations from the pandemic and/or an extended covenant waiver or other support from the lender.

The Directors and management of the operating entities forecast a recovery of operations and related income from Q3 2021 and are confident that with that recovery, the debt commitments will continue to be serviced and the lender will extend its covenant waiver. Such a forecast recovery is consistent with recent forecasts of a general economic recovery in the UK from the pandemic in 2021. However, there can be no certainty that the recovery in operations will occur as forecast.

In the event that these underlying operating entities cease to be a going concern, the Directors will convene a Board Meeting and may conclude that there is no realistic alternative than to cease the Company's operations.

Based on the above forecasts of a recovery and expectation of an extended covenant waiver – together with the confirmations of continuing financial report from this Company's owners to allow it to meet its own commitments - the Directors believe that it remains appropriate to prepare these financial statements on a going concern basis. The Directors will continue to assess this basis of preparation at each financial period end.

However, this material uncertainty may cast significant doubt on the Company's ability to continue as a going concern and, therefore, to continue realising its assets and discharging its liabilities in the normal course of business. The financial statements do not include any adjustments that would result from the basis of preparation being inappropriate.

Notes to the financial statements for the year ended 31 December 2019

2 ACCOUNTING POLICIES (CONTINUED)**Prior year adjustment****Borrowings***Presentation of borrowings*

Following a reassessment of the presentation of the loan undertakings with zero percent interest by the Funds on behalf of the Company, the 2018 Statement of Financial Position has been restated. The loans are repayable on demand and have therefore been re-classified as current liabilities as at 31 December 2018. The restatement increased current liabilities and decreased non-current liabilities by £61,171k. It has had no impact on net assets as at 4 July 2017 or 31 December 2018 or the net cash flows and profit for the year ended 31 December 2018.

c) Revenue

Revenue is measured at the fair value of the consideration received or receivable.

Interest income

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

Income from participating interests is recognised when the shareholders' rights to receive payment have been established.

Other income associated with the provision of services is accrued on a time basis over the period to which the delivery of the service is set, net of VAT and other sales related tax.

d) Borrowing costs

All borrowing costs are recognised in the Statement of Comprehensive Income in the period in which they are incurred.

e) Accruals and provisions

Accruals and provisions are recognised in the Statement of Comprehensive Income in the period in which they are incurred.

f) Taxation

The tax expense represents the sum of tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the period. Taxable profit differs from the net profit as reported in the Statement of Comprehensive Income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax base used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary differences arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affect neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable difference arising on investments, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of a deferred tax asset is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on tax laws and the rates that have been enacted at the balance sheet date. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited in other comprehensive income, in which case the deferred tax is also dealt with in other comprehensive income.

Deferred tax assets and liabilities are offset when the Company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority on the same taxable Company, and the Company intends to settle its current tax assets and liabilities on a net basis.

g) Financial Instruments

Financial assets and financial liabilities are recognised on the Company's Statement of Financial Position when the Company becomes a party to the contractual provisions of an instrument. Financial assets are derecognised when the contractual rights to the cash flows from the instrument expire or the asset is transferred and the transfer qualifies for derecognition in accordance with IFRS 9 'Financial Instruments'.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Notes to the financial statements for the year ended 31 December 2019

2 ACCOUNTING POLICIES (CONTINUED)

g) Financial Instruments (continued)*Financial assets*

Financial assets are classified in the following categories; fair value through profit and loss and amortised cost. The classification depends on the purpose for which the financial assets are acquired. Management determines the classification of its financial assets at initial recognition. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

(i) *Investments at fair value through profit or loss*

Investments at fair value through profit or loss are designated upon initial recognition as financial assets at fair value through profit or loss. The Company's policy is to fair value both the equity and subordinated debt investments in PPP assets together. Both elements are exposed to the same primary risk, being performance risk. This performance risk is taken into consideration when determining the discount rate applied to the forecast cash flows. In determining fair value observable transactions are considered and fair value is measured using assumptions that market participants would use when pricing assets including assumptions regarding risk. The sub debt and equity are considered to have the same risk characteristics. As such, the debt and equity form a single class of financial instrument for the purposes of this disclosure. The Company measures its investments as a simple class of financial asset at fair value in accordance with IFRS 13 fair Value Measurement. Subsequent to initial recognition, the investments are measured on a combined basis at fair value with changes recognised within operating Statement of Comprehensive Income.

Investments in subsidiaries

The Company is required under Investment Entities (Amendments to IFRS 10, IFRS 12, IAS 27) to measure its investments in subsidiaries at fair value through profit or loss, except where the subsidiary provides investment related services or activities. The Company measures its investments in PPP assets that are subsidiaries at fair value in accordance with IFRS 9 'Financial Instruments' and IFRS 13 Fair Value Measurement.

Equitix MA 4 Capital Eurobond Limited holds 63.2% of the issued share capital and debt of Equitix HS1 Holdings 3 Limited, which owns a portfolio of investee companies and their associated intermediate holding companies. The fair value of investments is determined by valuing the underlying portfolio investee companies and intermediate holding companies. Investments are designated as "financial assets at fair value through profit and loss" as these assets are managed on a fair value basis for capital gain. The investments are initially recognised at fair value and are subsequently re-measured at fair value, which is determined by the General Partner in accordance with the Limited Partnership Agreement. Recognised gains and losses and unrealised gains and losses arising from the revaluation of investments at the period end are taken directly to the Statement of Comprehensive Income.

The current portfolio of investments held by the Company are valued using discounted cash flow analysis based on financial models that form part of the project documents. Future forecast shareholder cash flows are discounted at a rate which allows for influences of individual project attributes and general economic conditions to reflect a value as at the balance sheet date; these values are then compared against recent, similar market transactions as a gauge of estimations and uncertainties.

(ii) *Loans and receivables*

Trade receivables, loans and other receivables that are non derivative financial assets and that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and other receivables'. Loans and other receivables are measured at amortised cost using the effective interest method, less any impairment. They are included in current assets, except where maturities are in greater than 12 months after the balance sheet date which are classified as non current assets. The Company's loans and receivables comprise 'trade and other receivables' and 'cash and cash equivalents' in the Statement of Financial Position.

Impairment of financial assets

Financial Assets are assessed for impairment under the expected credit loss model ("ECL"). Assessment for impairment is based on a three-stage approach based on changes in credit risk since initial recognition, with each stage representing a change in the credit risk of Financial Assets. If a significant increase in credit risk is identified, the financial instrument is moved from stage one to stage two but is not yet deemed to be credit impaired; financial instruments that are deemed to be credit impaired are moved to stage three. The expected credit loss for stage one financial instruments is equal to the portion of lifetime expected credit losses that result from default events within the next twelve months. The expected credit loss for stage two and three financial instruments is equal to expected credit losses on a lifetime basis. ECLs are recognised in the Statement of Comprehensive Income. Amounts receivable from Financial Assets are written off, when the Partnership concludes that there is no longer any realistic prospect of recovery of part or all of the receivable. Amounts receivable from Financial Assets are reviewed regularly and write off will be prompted by insolvency, adverse changes in operations and similar events associated with the Financial Asset.

For financial assets carried at amortised cost, the amount of the impairment is the differences between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

Fair value estimation

The fair value of financial instruments that are not traded in an active markets is derived the following ways:

(i) *Investments at fair value through profit or loss*

Fair value is calculated by discounting future cash flows, from investments in both equity and subordinated loans (interest and repayments), the Company at an appropriate discount rate. In determining the discount rate, regard has been given to risk free rates and risk premia that are specific to the individual concessions. The average discount rate that has been applied to the financial asset at 31 December 2019 was 7.35% (2018: 7.37%).

(ii) *Loans and receivables*

Loans and borrowings are held at amortised cost.

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values.

Notes to the financial statements for the year ended 31 December 2019

2 ACCOUNTING POLICIES (CONTINUED)g) Financial Instruments (continued)*Financial liabilities and equity*

Debt and equity instruments are classified as either liabilities or as equity in accordance with the substance of the contractual arrangement.

Financial liabilities, including borrowings, are classified as 'other financial liabilities' and are initially measured at fair value. Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis. The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Other financial liabilities

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs. Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis. The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Derecognition of financial liabilities

A financial liability should be removed from the balance sheet when, and only when, it is extinguished, that is, when the obligation specified in the contract is either discharged or cancelled or expires. [IFRS 9, paragraph 3.3.1] Where there has been an exchange between an existing borrower and lender of debt instruments with substantially different terms, or there has been a substantial modification of the terms of an existing financial liability, this transaction is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. A gain or loss from extinguishment of the original financial liability is recognised in profit or loss.

h) Financial risk management

The Company has loans from Equitix MA 4 Finco Limited, with fixed interest rates. The value of the loan shown on the balance sheet represents the value of the loan as at the balance sheet date.

i) Assessable risks*Credit risk*

The Company is not exposed to significant credit risk as the Company derives interest from subsidiaries which are PFI concessions with government departments, local authorities and other public sector clients. Credit risk is generated through the overall performance risk of the projects, deterioration of which might impact their ability to service equity payments. This risk is mitigated through the PFI contract structure, whereby deductions are passed down to the facilities management and construction sub contractors.

Liquidity risk

The Company adopts a prudent approach to liquidity management to meet its obligations.

Foreign exchange risk

The Company does not currently have any exposure to foreign currency exchange risk, nor does it have any immediate plans to geographically deviate its focus.

j) Share capital

Ordinary shares are classified as equity.

k) Expenses

All expenses are accounted for on an accruals basis. The Directors fees, finance costs and all other expenses are charged through the Statement of Comprehensive Income.

i) Segmental reporting

The Directors are of the opinion that the Company is engaged in a single segment of business, being investment in infrastructure which is currently in private finance initiatives and public private partnership companies in one geographical area, the United Kingdom.

Notes to the financial statements for the year ended 31 December 2019

3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Company's accounting policies, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

a) Investments at fair value through profit or loss

By virtue of the Company's status as an Investment Entity under IFRS 10, investments in subsidiaries are designated upon initial recognition, and subsequently accounted for, at fair value through profit or loss.

The fair values of unlisted investments, which are not traded in an active market, are determined using valuation techniques. As disclosed in note 2 to the financial statements, the Directors principally use discounted cash flow analysis to make their best estimation of the fair value. The estimate of fair value may vary from the price achieved in an actual sale as potential acquirers may use different valuation criteria for their own strategic reasons.

The principal drivers of internally prepared valuations are therefore:

- i) expected future net cash flows; and
- ii) the discount rate to be applied.

The fair value estimation takes into account the future distributions to be received by the Company from its investments.

Future distributions involve a degree of uncertainty in terms of their amount and timing. Cash flows in the underlying investments are exposed to risks in relation to deductions that may be made by the relevant Government Authority in relation to performance conditions and inflation.

If the expected future net cash flows were decreased or increased by 10%, with all other variables held constant, the impact on the value of financial assets would be £23,778k/£20,308k gain/loss respectively (2018: £21,630k/£19,781k).

The discount rate is determined in relation to the particular risks for each investment. All relevant risks such as interest rate risk, credit risk, performance risk and liquidity risk are incorporated in the fair value of the investments by adjusting the expected cash flows or discount rate used for the valuation of investments. The average discount rate used for the 2019 valuation was 7.35%. (2018: 7.37%) If the discount rate used in the valuation were increased or decreased by 100 bps, the impact on the value of the financial assets would be a £28,023k loss or a £21,754k gain respectively (2018: loss of £21,582k or a gain of £23,017k gain respectively).

A significant portion of the fair value of investments shown on the balance sheet is attributed to the future disposal proceeds of project assets. The value ascribed to these assets has been independently verified by a recognised industry expert in the current period and is based upon the current asset use continuing at the point of realisation and beyond.

b) Fair value estimation

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. The fair value of financial instruments that are not traded in active markets is derived in one of the following ways:

- i) **Financial assets at fair value through profit and loss**
Financial assets are recognised initially at fair value. Subsequent to initial recognition, the financial assets are measured at fair value using the discounted cash flow methodology. In determining the discount rate, regard is had to risk free rates and risk premia that are specific to the individual concession.
- ii) **Loans, receivables, and payables**
The carrying value less impairment provision of trade receivables and payables are assumed to approximate to their fair values.
- iii) **Borrowings**
InterCompany loans are held at amortised cost.

Notes to the financial statements for the year ended 31 December 2019

4 INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRS") - ADOPTION OF NEW AND REVISED STANDARDS

At the date of authorisation of these financial statements, the following Standards and Interpretations which have not been applied in these financial statements were in issue but not yet effective (and in some cases had not yet been adopted by the EU):

- IFRS 16 Leases (January 2019);
- Annual Improvements to IFRSs – 2012-2014 Cycle (January 2016)

The Directors do not expect that the adoption of the standards listed above will have a material impact on the Company in future periods.

5 OPERATING PROFIT FROM OPERATIONS

The operating profit from operations of the Company is attributable to the principal activity of the Company, all of which was carried out in the United Kingdom.

The audit fee for Equitix MA 4 Capital Eurobond Limited of £10.5k (2018: £3.7k) has been borne by Equitix MA 4 LP and Equitix MA 4 Japan LP, who will not seek compensation from the Company. There were no non-audit fees (2018: nil).

6 DIRECTORS' REMUNERATION

No staff were directly employed by the Company.

No Directors received any remuneration for services to the Company during the period. The Company is managed by secondees from other Equitix companies. No recharge for services rendered has been made during the period.

7 INVESTMENT REVENUE

	2019 £'000	2018 £'000
Investment revenue		
Interest income on loans to investments	8,956	9,018
Total investment revenue	<u>8,956</u>	<u>9,018</u>

8 FINANCE COSTS

	2019 £'000	2018 £'000
Finance cost		
Interest expense on loans from parent entity	(23,636)	(24,891)
Total finance cost	<u>(23,636)</u>	<u>(24,891)</u>

9 TAX

Taxation is based on the profit for the period and comprises:

	2019 £'000	2018 £'000
UK corporation tax at a rate of 19.00%		
Current period	-	-
Tax charge	<u>-</u>	<u>-</u>

The differences between the total current tax shown above and the amount calculated by applying the average rate of UK corporation tax to the profit before tax are as follows:

	2019 £'000	2018 £'000
Loss on ordinary activities before tax	<u>(11,559)</u>	<u>(3,242)</u>
Loss on ordinary activities multiplied by the standard rate of corporation tax in the UK of 19.00%	(2,196)	(616)
Tax effect of income not taxable in determining taxable profit	(593)	(2,431)
Losses not utilised in the period	<u>2,789</u>	<u>3,047</u>
Total current tax (credit) / expense for the period	<u>-</u>	<u>-</u>

A deferred tax asset of £2,789k (2018: £3,047k) has not been recognised in respect of timing differences relating to losses for the period as there is insufficient evidence that the asset will be recovered.

A reduction in the UK corporation tax rate from 19% to 17% (effective 1 April 2020) was substantively enacted on 6 September 2016.

The March 2020 Budget announced that a rate of 19% would continue to apply with effect from 1 April 2020, and this change was substantively enacted on 17 March 2020.

Notes to the financial statements for the year ended 31 December 2019

10 INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

The Directors have satisfied themselves as to the methodology used, the discount rate applied and the valuation.

	2019 £'000	2018 £'000
Opening net book value	216,302	-
Acquisition of investment	-	203,671
Fair value gain on investments	(148)	12,631
Closing net book value	216,154	216,302

The following economic assumptions were used in the discounted cash flow valuations:

UK inflation rates	2.8% for 2019, long term 3%
UK deposit interest rates	0.5% for 2019, long term 1%
UK corporation tax	19% for 2019, long term 17%

Investments are generally restricted on their ability to transfer funds to the Company under the terms of the senior funding arrangement for that investment. Significant restrictions include:

- Historic and projected debt service and loan life cover ratios exceed a given threshold;
- Required cash reserve account levels are met;
- Senior lenders have agreed the current financial model that forecasts the economic performance of the Company;
- Project performance is in compliance with the terms of its senior funding arrangements; and
- Senior lenders have approved the annual budget for the Company.

A list of principal subsidiaries and joint ventures of the Company can be found on page 26 of these financial statements.

11 FAIR VALUE GAIN ON INVESTMENTS

The gain on investments of £3,121k (2018: £12,631k) has been included in the Statement of Comprehensive Income. This represents a loss of £148k (2018: £12,631 gain) presented in note 10 plus a gain of £3,269k (2018: £nil) resulting from the elimination of interest receivable balances to prevent double counting of assets.

The Directors have satisfied themselves as to the methodology used, the discount rates applied and the valuation. Further detail is given in note 10.

12 RECEIVABLES

	2019 £'000	2018 £'000
Interest receivable from investments	-	3,926
	-	3,926
Included on the balance sheet as follows:		
Current	-	3,926
	-	3,926

13 PAYABLES

	2019 £'000	2018 £'000
Interest payable	(27,284)	(19,799)
	(27,284)	(19,799)
Included on the balance sheet as follows:		
Current	(27,284)	(19,799)
	(27,284)	(19,799)

The carrying amount of these liabilities approximates their fair value. Interest payable to Equitix MA 4 Finco Limited in the current period represents accrued interest on loan note borrowings (note 15).

14 BORROWINGS

	2019 £'000	2018 (Restated*) £'000
Loans	(203,671)	(203,671)
	(203,671)	(203,671)
Included on the balance sheet as follows:		
Current	-	(61,171)
Non-current	(203,671)	(142,500)
	(203,671)	(203,671)

*See note 2

Amounts owing comprise of interest-bearing intercompany loans of £203,671k of Eurobond Loan Notes, listed on the Channel Island Securities Exchange and subscribed to by Equitix MA 4 Finco Limited. The intercompany loan notes are unsecured, have an interest rate of 12% and fall due for repayment on 13 February 2042.

The carrying amount of these liabilities approximates their fair value.

Notes to the financial statements for the year ended 31 December 2019

15 SHARE CAPITAL

	2019 Number	2019 £	2018 Number	2018 £
Ordinary shares of £1 each	100	100	100	100
Issued on incorporation and at 31 December	100	100	100	100

16 FINANCIAL INSTRUMENTS

Capital risk management

The Company manages its capital to ensure that it is able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The capital structure of the Company borrowings are as disclosed in note 15, cash and cash equivalents and equity attributable to equity holders of the parent, comprising issued capital, reserves and retained earnings as disclosed in notes 16. The Company is not subject to any externally imposed capital requirements.

Significant accounting policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the bases for recognition of income and expenses in respect of each class of financial asset, financial liability and equity instrument are disclosed in note 2.

a) <u>Categories of financial instruments</u>	2019 £'000	2018 £'000
Financial assets		
Fair value through profit and loss		
Investments	216,154	216,302
Loans and receivables at amortised cost		
Interest receivable from investments	-	3,926
	<u>216,154</u>	<u>220,228</u>
Financial liabilities at amortised cost		
Borrowings	(203,671)	(203,671)
interest payable	(27,284)	(19,799)
	<u>(230,955)</u>	<u>(223,470)</u>

b) Financial risk management objectives

The Directors provide advice to the Company on all risks faced and manage the financial risks relating to the operations of the Company through internal risk reports which analyse the exposures faced by degree and magnitude of risk consequences. These risks include market risk, credit risk and liquidity risk.

The Company does not enter into financial derivative contracts.

Market risk

The Company's activities expose it primarily to the financial risks of interest rates and performance risk.

Notes to the financial statements for the year ended 31 December 2019

16 FINANCIAL INSTRUMENTS (CONTINUED)

Interest rate risk management

The Company has limited exposure to interest rate risk from intra group loans as the underlying borrowings are at a fixed interest rate. Therefore the Company is not exposed to cash flow risk due to changes in interest rates over variable rate borrowings. The fixed rate borrowings are carried at amortised cost and hence not exposed to fair value movements due to changes in interest rates.

Interest rate sensitivity analysis

The Company has no exposure to interest rate risk from interCompany loans because the loans held with Equitix MA 4 Finco Limited have a fixed interest rate of 12%.

Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Company. The Company has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate as a means of mitigating the risk of financial loss from defaults. For cash and cash equivalents the Company only transacts with entities that are rated the equivalent to investment grade and above. Other financial assets consist of amounts receivable from related parties.

The Company only transacts with creditworthy PFI / PPP concession companies that have a cash flow derived from projects in agreement with government or semi-government authorities. Credit risk is generated through the overall performance risk of the projects, deterioration of which might impact their ability to service equity payments. This risk is mitigated through the PFI contract structure, whereby deductions are passed down to the facilities management and construction sub contractors.

Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the board of Directors, which has built an appropriate liquidity risk management framework for the management of the Company's short-, medium- and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate cash reserves, banking facilities and reserve borrowing facilities by continuously monitoring forecast and actual cash flows and matching maturity profiles of financial assets and liabilities.

The following table details the Company's expected maturity for its non-derivative financial assets. The table below has been drawn up based on undiscounted contractual maturities of the financial assets including interest that will be earned on those assets except where the Company anticipates that the cash flow will occur in a different period.

Liabilities

	Less than 1 year	1-2 years	3-5 years	5+ years	Total
	£'000	£'000	£'000	£'000	£'000
2019					
Borrowings	-	-	-	(203,671)	(203,671)
	-	-	-	(203,671)	(203,671)

Liabilities

	Less than 1 year	1-2 years	3-5 years	5+ years	Total
	£'000	£'000	£'000	£'000	£'000
2018					
Borrowings (*restated)	(61,171)	-	-	(142,500)	(203,671)
	(61,171)	-	-	(142,500)	(203,671)

*See note 2

In addition to the above principal repayments, undiscounted interest payments of £27,284k (2018: £27,284k) are due within 1 year, £98,566k (2018: £98,566k) are due within 2-5 years, and £517,469k (2018: £544,753k) are due in more than 5 years from the reporting date end.

Borrowings comprise intercompany loan agreements entered into between the Company and Equitix MA 4 Finco Limited. For further consideration of the fair value of the Eurobond loan notes, please refer to note 15.

Performance risk management

Performance risk management refers to the risk that the underlying project companies will not perform in line with expectations, and as such the Company will not receive forecast cashflows as expected. To mitigate this risk, the projects are closely managed by the asset management team and risks of non-performance are passed onto service providers and subcontractors by the PFI contract structure, leaving the PFI investment insulated from issues of non-performance.

c) Fair value of financial instruments

The fair value of financial assets and liabilities is determined as follows:

The fair value of non-derivative financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets is determined with reference to quoted market prices.

The fair value of loan is estimated with reference to the interest rate of the debt when it was initially acquired and any subsequent movement in the risk profile of the asset and general lending rates at the statement of financial position date.

The fair value of other non-derivative financial assets and financial liabilities is determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions and dealer quotes for similar instruments.

The Directors consider that the carrying amounts of financial assets and financial liabilities, recorded at amortised cost in the financial statements, are approximately equal to their fair values.

Notes to the financial statements for the year ended 31 December 2019

16 FINANCIAL INSTRUMENTS (CONTINUED)

d) Fair value of financial instruments

The Company holds a number of financial instruments on the statement of financial position at their fair values. The following hierarchy classifies each class of financial asset or liability depending upon the valuation technique applied in determining its fair value.

- i) Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities, where inputs are observable;
- ii) Level 2 fair value measurements are those derived from inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) where inputs are directly or indirectly observable; and
- iii) Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data, where the inputs are unobservable.

There have been no transfers between these categories in the current period.

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into levels 1 to 3 based on the degree to which the fair value is observable:

	2019 Level 1 £'000	2019 Level 2 £'000	2019 Level 3 £'000	2019 Total £'000
Investments at fair value through profit or loss	-	-	216,154	216,154
	-	-	216,154	216,154
	2018 Level 1 £'000	2018 Level 2 £'000	2018 Level 3 £'000	2018 Total £'000
Investments at fair value through profit or loss	-	-	216,302	216,302
	-	-	216,302	216,302

Notes to the financial statements for the year ended 31 December 2019

16 FINANCIAL INSTRUMENTS (CONTINUED)

The fair value calculation is performed on a recurring, annual basis, as defined by IFRS 13.

The key assumptions used in determining the fair values of unquoted investments and a sensitivity analysis is disclosed in note 3.

Reconciliation of investments at fair value through profit or loss

	2019 £'000	2018 £'000
Opening net book value	216,302	-
Acquisitions	-	211,256
Movement due to change in discount rate	(1,063)	20,082
Movement due to change in cash flows	(1,425)	(19,358)
Movement due to unwinding of discounting calculation	16,069	15,451
Movement due to change in risk free rate	1,020	(6,037)
Receipt of distributions from investments	(14,749)	(5,092)
Closing net book value	216,154	216,302

Gearing ratio

The gearing ratio at the period end is as follows:

	2019 £'000	2018 £'000
Debt	(203,671)	(203,671)
Net debt	(203,671)	(203,671)
Equity	(14,801)	(3,242)
Net debt to net debt plus equity ratio	108%	102%

Debt is defined as long- and short-term borrowings (excluding derivatives) as detailed in note 14.

Equity includes all capital and reserves of the Company that are managed as capital.

17 RELATED PARTY TRANSACTIONS

<u>Profit and loss account transactions</u>		2019 £'000	2018 £'000
Related party	Transaction description		
Equitix MA 4 Finco Limited	Interest expense	(23,636)	(24,891)
Equitix HS1 Holdings 3 Limited	Interest income	8,956	9,018
		(14,680)	(15,873)

Notes to the financial statements for the year ended 31 December 2019

17 RELATED PARTY TRANSACTIONS (CONTINUED)

		Amounts owed (to)/by related parties 2019 £'000	Amounts owed (to)/by related parties 2018 £'000
<u>Balance sheet items</u>			
Related party	Transaction description		
Equitix MA 4 Finco Limited	Loan notes	(203,671)	(203,671)
Equitix MA 4 Finco Limited	Interest creditor	(27,284)	(19,799)
Equitix HS1 Holdings 3 Limited	Interest debtor	-	3,926
Equitix HS1 Holdings 3 Limited	Loan debtor	203,671	203,671
		<u>(27,284)</u>	<u>(15,873)</u>

18 ULTIMATE PARENT

The Company's immediate parent Company is Equitix MA 4 Fund Holdco Limited, a Company incorporated in Guernsey. The Company's ultimate parent and controlling entities are Equitix MA 4 LP, Equitix MA 4 Japan LP and Equitix Fund V LP, limited partnerships registered in England and Wales. The Company's results are not consolidated as the Company and its ultimate parent entity meets the criteria of Investment Entities under IFRS 10 and the Company's parent does not prepare consolidated accounts.

19 POST-BALANCE SHEET EVENTS

During the period from the date of the Statement of Financial Position to the date of the financial statements were approved, the coronavirus (COVID-19) outbreak has caused extensive disruptions to businesses and economic activities globally. The uncertainties over the emergence and spread of COVID-19 have caused market volatility on a global scale. The quantum of the effect on the underlying investment portfolio and activity of the Company is difficult to determine, however the Directors are monitoring the situation and considering the effect it may have on the valuation of any impacted underlying portfolio companies in the future. In accordance with the requirements of IFRS, the fair valuations at the date of the statement of financial position reflect the economic conditions in existence at that date. The specific impact on this entity is described in note 2(b). The next date at which a valuation of unquoted investments will be performed will be as at 31 December 2020. The Directors do not believe there is any financial impact to the Financial Statements as at 31 December 2019 as a result of this non-adjusting subsequent event.

EQUITIX MA 4 CAPITAL EUROBOND LIMITED

20 SUBSIDIARIES AND JOINT VENTURES AS AT 31 DECEMBER 2019

Company name	Percentage of shares held	Number and class of shares held	Principal activity	Registered address
HS1 Holdings 3 Limited	63.2% ordinary share capital	632 ordinary £1 shares	Parent Company to Equitix HS1 Holdings 2 Ltd	3rd Floor, South Building, 200 Aldersgate Street, London, EC1A 4HD
HS1 Holdings 2 Limited	63.2% * ordinary share capital	63 ordinary £1 shares	Parent Company to Equitix HS1 Holdings 1 Ltd	3rd Floor, South Building, 200 Aldersgate Street, London, EC1A 4HD
HS1 Holdings 1 Limited	63.2% * ordinary share capital	63 ordinary £1 shares	Parent Company to Equitix HS1 Holdings 1 Ltd	3rd Floor, South Building, 200 Aldersgate Street, London, EC1A 4HD
Betjeman Holdings Jvco Ltd	35% * ordinary share capital	117,738,484,000 ordinary £0.01 shares	Parent Company to Betjeman Holdings Jvco Ltd	5th Floor Kings Place 90 York Way, London, N1 9AG
Betjeman Holding Midco Ltd	35% * ordinary share capital	117,738,484,000 ordinary £0.001 shares	Subsidiary of Betjeman Holdings Jvco Ltd	5th Floor Kings Place 90 York Way, London, N1 9AG
Betjeman Holding Ltd Bidco	35% * ordinary share capital	117,738,484,000 ordinary £0.001 shares	Established for the purposes of acquiring the target HS1	5th Floor Kings Place 90 York Way, London, N1 9AG
Helix Holdings Ltd	35% * ordinary share capital	117,738,484,000 ordinary £0.01 shares	Holding Company for the Helix Holdings Ltd group of companies	17 Bond Street St Helier, Jersey, JE2 3NP
Helix Midco Ltd	35% * ordinary share capital	346 Class A ordinary £1 shares and 1 Class B ordinary £1 share	Intermediate holding Company within the Betjeman Holdings Jvco Ltd group of companies that invests in HS1 Ltd	5th Floor Kings Place 90 York Way, London, N1 9AG
Helix Bufferco Ltd	35% * ordinary share capital	346 Class A ordinary £1 shares and 1 Class B ordinary £1 share	Intermediate holding Company within the Betjeman Holdings Jvco Ltd group of companies that invests in HS1 Ltd	5th Floor Kings Place 90 York Way, London, N1 9AG
Helix Acquisition Ltd	35% * ordinary share capital	346 Class A ordinary £1 shares and 1 Class B ordinary £1 share	Through its main subsidiary, HS1 Limited holds the concession through to December 2040 to operate, maintain and renew the 109km high speed rail line connecting London St Pancras Int station to Kent and international passenger destinations	5th Floor Kings Place 90 York Way, London, N1 9AG

Notes to the financial statements for the period ended 31 December 2019

20 SUBSIDIARIES AND JOINT VENTURES AS AT 31 DECEMBER 2019 (continued)

Company name	Percentage of shares held	Number and class of shares held	Principal activity	Registered address
HS1 Ltd	35% * ordinary share capital	346 Class A ordinary £1 shares and 1 Class B ordinary £1 share	The Company holds the concession through to December 2040 to operate, maintain and renew the 109km high speed rail line connecting London St Pancras Int station to Kent and international passenger destinations	5th Floor Kings Place 90 York Way, London, N1 9AG
High Speed Rail Finance (1)PLC	35% * ordinary share capital	17,500 ordinary £1 shares	The Company's main purpose is to administer and manage an element of the debt raising strategy for the Helix Acquisition Ltd group of companies	5th Floor Kings Place 90 York Way, London, N1 9AG
High Speed Rail Finance PLC	35% * ordinary share capital	17,500 ordinary £1 shares	The Company's main purpose is to administer and manage an element of the debt raising strategy for the Helix Acquisition Ltd group of companies	5th Floor Kings Place 90 York Way, London, N1 9AG

* Interest held indirectly