SLF REALISATION FUND LIMITED

(formerly known as KKV SECURED LOAN FUND LIMITED)

Annual Report and Audited Consolidated Financial Statements
for the year ended 30 June 2022

GROUP METRICS FOR THE YEAR ENDED 30 JUNE 2022

As at 30 June 2022, the investment objective of SLF Realisation Fund Limited (the "Company" and together with its subsidiaries, the "Group") is to realise all remaining assets in the portfolio of the Ordinary Share class and the 2016 C Share class in a prudent manner consistent with the principles of good investment management and to return cash to shareholders in an orderly manner. The Group's base currency is Sterling.

(2.86)% per Ordinary Share[1] **1.81%** per 2016 C Share[1]	**17.44p** per Ordinary Share **18.79p** per 2016 C Share	**(65.60)%** Ordinary Share[1] **(41.03)%** 2016 C Share[1]
NAV total return per share for the year ended 30 June 2022	NAV per Share as at 30 June 2022	Share price discount to NAV as at 30 June 2022
£21.36 million for Ordinary Shares **£15.39 million for** 2016 C Shares	**£28.48 million** for the Ordinary Share class **£58.35 million** for the 2016 C Share class	**£3.60 million** for the Ordinary Share class **£6.95 million** for the 2016 C Share class
Market capitalisation as at 30 June 2022	Return of capital to shareholders during the year ended 30 June 2022	Return of capital to shareholders after the reporting year ended 30 June 2022

The comparatives for the other group metrics detailed above are disclosed on page 7.

[1] These are Alternative Performance Measures; refer to pages 106 to 108 for details.

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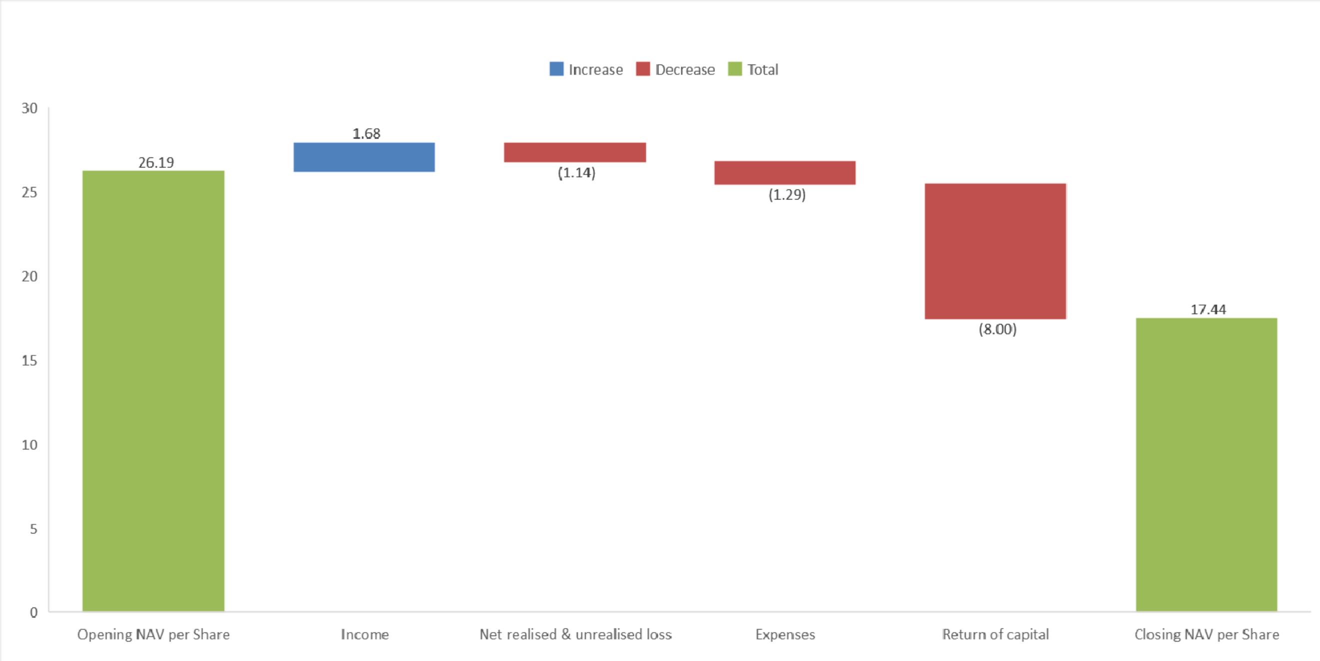
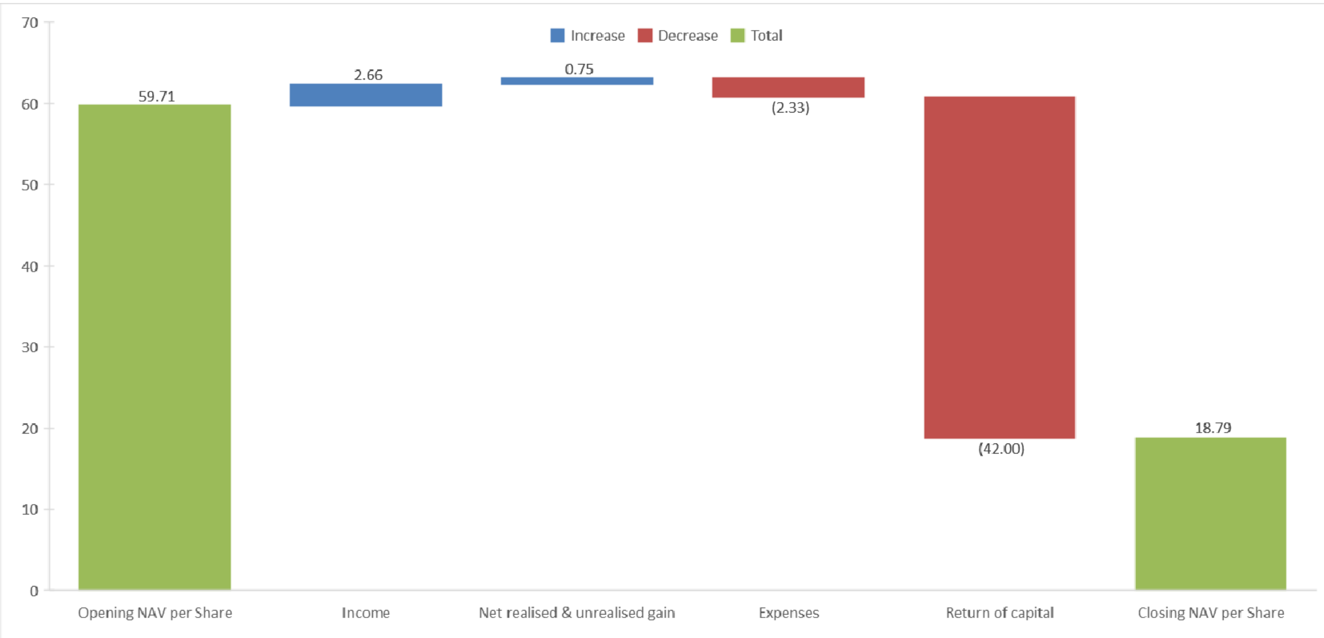
GROUP METRICS FOR THE YEAR ENDED 30 JUNE 2022 (CONTINUED)

The key drivers of the change in Net Asset Value ("NAV") between 1 July 2021 and 30 June 2022 are highlighted in the graphs below:

Ordinary Shares



2016 C Share



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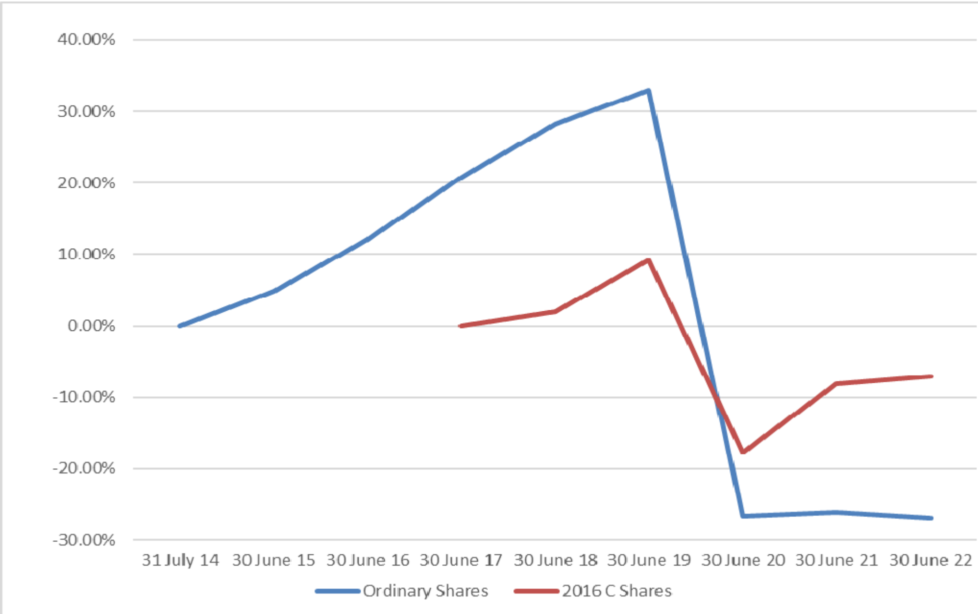
FINANCIAL METRICS AND PERFORMANCE SUMMARY

Financial Metrics

NAV Total Return[1]
The NAV total return measures how the NAV per Ordinary share and 2016 C share has performed over a period, taking into account both capital distributions and dividends paid to shareholders. The NAV total return achieved by the Group is detailed in the table below:

Period	Ordinary Shares	2016 C Shares
Year to 30 June 2022	(2.86)%	1.81%
3 year[2]	(56.40)%	(14.18)%
Since inception	(26.90)%	(7.08)%

The NAV total return since inception is illustrated in the graph below:



Return of Capital
The investment objective of the Ordinary Shares and the 2016 C Shares is to realise all remaining assets in a prudent manner consistent with the principles of good investment management and to return cash to shareholders in an orderly manner. During the year ended 30 June 2022, the Company made a return of capital on four separate occasions, as detailed below, returning a total of £28,478,054 to Ordinary shareholders and £58,348,173 to 2016 C shareholders.

	Ordinary Shares		2016 C Shares	
Record date	Amount per Share	Amount returned to shareholders	Amount per Share	Amount returned to shareholders
20 July 2021	3p	£10,679,270	7p	£9,724,695
2 September 2021	3p	£10,679,270	21p	£29,174,087
9 March 2022	1p	£3,559,757	10p	£13,892,422
10 May 2022	1p	£3,559,757	4p	£5,556,969

[1] Refer to pages 106 to 108 for the calculation of these alternative performance measures.
[2] NAV total return over a 3-year period from 1 July 2019 to 30 June 2022.

FINANCIAL METRICS AND PERFORMANCE SUMMARY (CONTINUED)

Financial Metrics (Continued)

Return of Capital Continued)
Refer to note 14 for full details of the Company's return of capital.

Post year-end, the Company made one further return of capital to Ordinary shareholders and 2016 C shareholders. Refer to the Strategic Report and note 18 for further details.

Ongoing Charges[1]
The ongoing charges for the year ended 30 June 2022 were 2.60% (30 June 2021: 1.63%).

Dividend History
With the Company in managed wind down, the Board does not intend to declare any further dividends. No dividends were paid during the years ended 30 June 2022 and 30 June 2021.

Acquisition of Own Ordinary Shares
The Group did not repurchase any Ordinary Shares or 2016 C shares during the years ended 30 June 2022 and 30 June 2021.

On 1 September 2021, 1,731,838 Ordinary Shares held in treasury were cancelled. As at 30 June 2022, no Ordinary Shares or 2016 C Shares were held in treasury. As at 30 June 2021, 1,731,838 Ordinary Shares and no 2016 C Shares were held in treasury.

[1] Refer to pages 106 to 108 for the calculation of this alternative performance measure.

FINANCIAL METRICS AND PERFORMANCE SUMMARY (CONTINUED)

Performance Summary

Sterling in millions, except per share data and number of shares in issue	30 June 2022	30 June 2021
Number of shares in issue		
- Ordinary Shares	355,975,669	355,975,669[1]
- 2016 C Shares	138,924,222	138,924,222
NAV		
- Ordinary Shares	£62.07	£93.24
- 2016 C Shares	£26.10	£82.95
NAV per share		
- Ordinary Shares	17.44p	26.19p
- 2016 C Shares	18.79p	59.71p
NAV total return per share		
- Ordinary Shares	(2.86)%	1.38%
- 2016 C Shares	1.81%	13.99%
Share price[2]		
- Ordinary Shares	6.00p	17.50p
- 2016 C Shares	11.08p	35.00p
Share price discount		
- Ordinary Shares	(65.60)%	(33.18)%
- 2016 C Shares	(41.03)%	(41.38)%
Market capitalisation[2]		
- Ordinary Shares	£21.36	£62.30
- 2016 C Shares	£15.39	£48.62
(Loss)/earnings per share		
- Ordinary Shares	(0.73)p	0.51p
- 2016 C Shares	1.02p	9.54p
Return of Capital during the year		
- Ordinary Shares	£28.48	£37.38
- 2016 C Shares	£58.35	£25.01
Comprehensive (loss)/income		
- Ordinary Shares	£(2.62)	£1.80
- 2016 C Shares	£1.42	£13.25
Investments and other receivables and prepayments		
- Ordinary Shares	£55.93	£81.02
- 2016 C Shares	£16.52	£70.32
Cash and cash equivalents		
- Ordinary Shares	£7.72	£12.57
- 2016 C Shares	£10.95	£12.78

[1] The number of Ordinary Shares in issue as at 30 June 2021 is presented after deducting 1,731,838 treasury shares.
[2] Source: Bloomberg.

COMPANY OVERVIEW

The investment objective and policy of the Company is set out in the Strategic Report.

Company	**SLF Realisation Fund Limited** (formerly known as KKV Secured Loan Fund Limited and SQN Asset Finance Income Fund Limited) Incorporated in Guernsey on 28 May 2014. Change of Name to SLF Realisation Fund Limited registered on 1 December 2021. Registered Guernsey Closed-ended Collective Investment Scheme. Admitted to the Premium Segment of the UK Listing Authority's Official List and to trading on the Main Market of the London Stock Exchange on 14 July 2014 for Ordinary Shares, 9 November 2015 for the first issuance of C Shares (which were converted into Ordinary Shares on the 25 October 2016) and 12 December 2016 for the second issuance of C Shares (the "2016 C Shares"). Registration number 58519.
Portfolio Manager (from 6 June 2020 to 31 December 2021)[1]	**KKV Investment Management Limited** Incorporated in England and Wales on 20 February 2020. A subsidiary of Kvika Securities Limited, the UK operation of Kvika Banki hf, a Nordic bank listed on the NASDAQ Iceland main market. Registration number 12475228. **(the "Portfolio Manager")**
Alternative Investment Fund Manager (from 6 June 2020 to date)	**Sanne Fund Management (Guernsey) Limited ("Sanne")** (formerly known as International Fund Management Limited) Regulated by the Guernsey Financial Services Commission under the Protection of Investors (Bailiwick of Guernsey) Law 2020. Incorporated in Guernsey with registration number 17484. **(the "AIFM")**

Details of other service providers are provided on page 109.

[1] On 20 August 2021, the Company reached agreement with the then Portfolio Manager to terminate the Investment Management Agreement between the Company, the Portfolio Manager and the AIFM with effect from midnight on 31 December 2021. Sanne Fund Management (Guernsey) Limited continues to act as the Company's AIFM and has, with effect from 1 January 2022, delegated responsibility for the management of the portfolio to the Company.

CHAIRMAN'S STATEMENT

Introduction
I am pleased to provide shareholders with my second annual Chairman's Statement, covering the period from 1 July 2021 to 30 June 2022. It has been another busy year with significant progress being made in achieving the investment objective of the Company, namely to follow a realisation strategy and return capital to shareholders.

I am pleased to report that the realisation program for both the Ordinary Share class and the 2016 C Share class has made excellent progress, with returns of capital having been made during the year of 8p per Ordinary Share (£28.5 million) and 42p per 2016 C Share (£58.3 million). In addition, post year-end, we have returned a further 1p per Ordinary Share (£3.6 million) and 5p per 2016 C Share (£6.9 million).

In total, as at the date hereof, £69.4 million or 19.5p per share has been returned to Ordinary shareholders and £90.3 million or 65p per share has been returned to 2016 C shareholders since the realisation program began.

Performance
The NAV total return per Ordinary Share was (2.86)% and the NAV total return per 2016 C Share was 1.81% for the year ended 30 June 2022. Other key metrics were:

- For the year ended 30 June 2022, the Company has reported a combined loss after tax of £(1.20) million, compared to a profit of £15.06 million for the year ended 30 June 2021.
- The Ordinary Share NAV at 30 June 2022 was £62.07 million (17.44p per Ordinary Share) compared to £93.24 million (26.19p per Ordinary Share) as at 30 June 2021.
- The 2016 C Share NAV at 30 June 2022 was £26.10 million (18.79p per 2016 C Share) compared to £82.95 million (59.71p per 2016 C Share) as at 30 June 2021.

Shareholder Engagement
The Board have engaged with shareholders over the reporting period, taking feedback and responding to their recommendations where appropriate. Brett Miller has led this activity and will continue to do so as we continue to wind down the Company.

Key Developments
It has been an incredibly busy year. Some events to note:

- A return of capital was announced in July 2021 with 3p per Ordinary Share and 7p per 2016 C Share being returned to shareholders.
- In August 2021, a loan held in the 2016 C Shares portfolio (referred to as Borrower 41 in this report) was refinanced for £16.8 million (the Company also received an early repayment premium of approximately £700,000) and a loan in the Ordinary Share portfolio (referred to as Borrower 16 in this report) was disposed of for US$1 million (£0.7 million). As at 30 June 2021, the loans had a fair value of £17.0 million and £0.7 million respectively. In addition, a package of loans secured against shipping vessels was refinanced generating proceeds of US$16.6 million (£12.0 million) for the Ordinary Shares and US$18.4 million (£13.3 million) for the 2016 C Shares (referred to as Borrowers 8, 47, 48 and 51 in this report). As at 30 June 2021, the loans had a fair value of £11.6 million for Ordinary Shares and £13.5 million for 2016 C Shares.
- A further return of capital was announced in August 2021 with 3p per Ordinary Share and 21p per 2016 C Share being returned to shareholders.
- Also in August 2021, the Company reached agreement with the Portfolio Manager to terminate the Investment Management Agreement with effect from midnight on 31 December 2021. Further details were contained in the RNS dated 20 August 2021.

CHAIRMAN'S STATEMENT (CONTINUED)

Key Developments (Continued)

- In October 2021, two loans within the 2016 C Share Class portfolio, that provided regulatory capital for a US insurance business, were disposed of for consideration of US$4.0 million (£3.0 million) (referred to as Borrowers 42 and 58 in this report). As at 30 June 2021, the loans had a fair value of £2.7 million. A further loan in the Ordinary Share class (referred to as Borrower 10 in this report) was realised for £3.8 million. As at 30 June 2021, the loan had a fair value of £3.6 million.
- At the Company's Annual General Meeting ("AGM") held on 29 November 2021, shareholders approved all the resolutions, including a resolution to adopt an incentive plan. Further details are set out in the Strategic Report.
- On 1 December 2021, the Company changed its name to SLF Realisation Fund Limited.
- A further return of capital was announced in February 2022 with 1p per Ordinary Share and 10p per 2016 C Share being returned to shareholders.
- A further return of capital was announced in April 2022 with 1p per Ordinary Share and 4p per 2016 C Share being returned to shareholders.
- In June 2022, the Company announced that Borrower 43 within the 2016 C Share Class portfolio, a wholesale portfolio of Mexican leases, had refinanced and bought back the participation in the loan for $6.4 million (£5.1 million). The loan had a fair value of £7.0 million as at 30 June 2021, since which time the Company has also received amortisation and interest payments amounting to US$3.05m (£2.26 million). Also in June 2022, a loan within the Ordinary Share Class portfolio, Borrower 37, an operating lease of earth moving vehicles, agreed a final repayment schedule, whereby the borrower paid to the Company an amount of £174,625 on each of 6 May 2022, 31 May 2022 and 30 June 2022, with a final payment received £176,175 on 29 July 2022 for full and final settlement. The position had a fair value of £0.9 million as at 30 June 2021.
- Also in June 2022, the Company announced that Borrower 11 within the Ordinary Share Class portfolio, an anaerobic digestion ("AD") plant located in Eire, had refinanced and repaid £3.0 million. The loan had a fair value of £4.1 million as at 30 June 2021.

Post Year End
Subsequent to the year end, the pace of activity has continued:

- A further return of capital was announced in July 2022 with 1p per Ordinary Share and 5p per 2016 C Share being returned to shareholders.
- In July 2022, it was announced that Borrower 4 (an AD plant in Scotland) was refinanced and sold and the Company received £2.7 million, plus the potential of a further £0.2 million deferred consideration. The loan had a fair value of £2.8 million as at 30 June 2022.

Management Arrangements
On 20 August 2021, the Company announced that it had reached an agreement with the Portfolio Manager for termination of the IMA between the Company, the AIFM and the Portfolio Manager with effect from midnight on 31 December 2021. The IMA was duly terminated on 31 December 2021. Sanne Fund Management (Guernsey) Limited (formerly International Fund Management Limited) continues to act as the Company's AIFM and has, with effect from 1 January 2022, delegated responsibility for the management of the portfolio to the Company. In order to assist the Board with the management of the portfolio, the Company has, with effect from 1 January 2022, entered into consultancy agreements to secure the services of the four investment professionals with the greatest knowledge of the Company's assets (the "Consultants"). In addition, an employee providing operational support has transferred from the Portfolio Manager to the Company by virtue of the Transfer of Undertakings (Protection of Employment) Regulations 2006 ("TUPE"). Brett Miller continues to oversee the Company's realisation program and continues to be directly involved in the managed wind down of the Company's portfolio. The appointment of the Consultants and the transfer of the operational employee provides continuity and ensures the Company has the necessary resource and expertise for the realisation of the balance of the portfolio. The Board may engage specialist consultants where it is considers that such appointments will assist in maximising returns for, and/or expediting capital returns to, shareholders.

CHAIRMAN'S STATEMENT (CONTINUED)

Management Arrangements (Continued)
Dawn Kendall was also TUPE transferred from the Portfolio Manager to the Company as an employee. However she had been on leave of absence since May 2021. As announced on 24 January 2022, the Board reached a mutual agreement with Dawn Kendall to end her employment on 21 April 2022.

In summary, these arrangements are working extremely well so far and are proving to be much more efficient than was the case when the Company was externally managed.

The Score So Far
In posing the question: How is the realisation proceeding its worth recalling the background.

With effect from 31 December 2020, the current Directors constituted a majority of the Board and from that point Brett Miller then had free rein to really work with the Portfolio Manager initially and then subsequently with the Consultants and employee on running off the portfolio and returning cash to shareholders. So far the results have been quicker and better than expected but there remains much work to be done on a portfolio that comprises some very difficult assets, a large proportion of which are distressed. At 31 December 2020, the share price of the Ordinary Shares was 16.5p bid and the 2016 C Shares was 41.9p bid. Since then we have returned 19.5p a share in cash to the Ordinary shareholders and 65p a share to the 2016 C shareholders. As of 22 September 2022, the Ordinary Shares traded at 6.45p and the 2016 C Shares at 7.40p. That's approximately a 57% return for the Ordinary shareholders and a 73% return for the 2016 C shareholders. And there's still more work to do.

We have repeatedly represented to shareholders that we would aim to get back to them as much as possible of the June 2020 NAV in cash. That NAV was prepared with the benefit of independent valuations for quite a few names in the portfolio that the Portfolio Manager had determined were difficult to value. The 30 June 2020 NAV was 36.19p per Ord Share and 68.17p per C Share. We have therefore already returned circa 51% of the Ordinary NAV and 95% of the C Share NAV within 19 months. Certainly for the 2016 C Share class that is significantly ahead of expectations at the outset and we remain confident about being able to exceed 100%. In respect of the Ordinary Share class, progress has been slower than expected largely due to the problems with Suniva and the AD plants but we remain optimistic about making further progress.

Outlook
The Board expects the wind-down plan will likely take approximately 18 to 24 months to exit the majority of the remainder of the portfolio. Our goal is to achieve a balance between maximising value received for assets and making timely returns of capital. Whilst the realisation program has proceeded extremely well so far and certainly ahead of expectations, we are cognisant of the greater risk that remains in the balance of the portfolio, as whatever remains in the portfolio has not yet achieved a satisfactory exit. The Board continues to work on achieving positive outcomes. The task ahead remains great and as always, we shall keep investors informed of any developments as they occur. We thank investors for their continued support and we hope to be in a position to report more progress in the coming months.

Brendan Hawthorne
Chairman
29 September 2022

STRATEGIC REPORT

This Strategic Report is designed to provide information about the Company's business and results for the year ended 30 June 2022. It should be read in conjunction with the Chairman's Statement and the Investment Report, which give a detailed review of investment activities for the year and an outlook for the future. These include a review of the business of the Group and its core activities, the principal risks and uncertainties it faces, dividend policy and results for the year.

Corporate Summary
The Company is a non-cellular company limited by shares, registered in Guernsey under the Companies (Guernsey) Law 2008 (as amended) with registered number 58519. The registered office of the Company is BNP Paribas House, St Julian's Avenue, St Peter Port, Guernsey, GY1 1WA, Channel Islands.

The Company is an authorised collective investment scheme in Guernsey, pursuant to the Protection of Investors (Bailiwick of Guernsey) Law 2020. The Company's Ordinary Shares and 2016 C Shares are listed on the premium segment of the Official List of the UK Listing Authority and are admitted to trading on the Main Market of the London Stock Exchange.

With effect from 1 October 2021, the Company ceased to be a member of the Association of Investment Companies (the "AIC") as the Directors decided not to renew the Company's membership. The Directors have decided to follow the UK Corporate Governance Code (the "UK Code").

Significant Events during the Year Ended 30 June 2022

Management Arrangements
Amendment and Termination of Investment Management Agreement
On 20 August 2021, the Board announced that it had reached an agreement with the Portfolio Manager to amend the IMA between the Company, the Portfolio Manager and the AIFM, and for the IMA to terminate with effect from midnight on 31 December 2021. Sanne Fund Management (Guernsey) Limited continues to act as the Company's AIFM and has, with effect from 1 January 2022, delegated responsibility for the management of the portfolio to the Company.

The key terms of the amended IMA were:

- Management fees payable by the Company to the Portfolio Manager of: (i) £230,000 for the month of July 2021; and (ii) £218,500 per month from 1 August 2021 to 31 December 2021;
- A payment of £100,000 in total payable by the Company to the Portfolio Manager conditional on the publication of the Company's Annual Report and Audited Consolidated Financial Statements for the year ended 30 June 2021 and the continued provision of certain employees' services to the Company to 31 December 2021;
- The clawback arrangement being cancelled with effect from 1 July 2021. The amount outstanding of £313,733 was cancelled on 1 July 2021; and
- No fees were payable by either party on termination other than those referred to above. In particular, the Company was not be required to make any payment to the Portfolio Manager for the termination of the IMA within the first 36 months of the Portfolio Manager's appointment (where the IMA currently stated that the Company would be required to reimburse KKV for certain costs that the Company would otherwise have incurred in connection with the transfer of the management contract to the Portfolio Manager in June 2020).

The amended IMA provided for the ongoing management of the portfolio to 31 December 2021 and allowed for an orderly transition of the portfolio to the Company. Brett Miller worked closely with the team at the Portfolio Manager with respect to asset realisations and ongoing management of the assets.

STRATEGIC REPORT (CONTINUED)

Significant Events during the Year Ended 30 June 2022 (Continued)

Management Arrangements (Continued)
Amendment and Termination of Investment Management Agreement (Continued)
In order to assist the Board with the management of the portfolio, the Company has, with effect from 1 January 2022, entered into consultancy agreements to secure the services of the Consultants. In addition, an employee providing operational support and Dawn Kendall transferred from the Portfolio Manager to the Company by virtue of the TUPE. Dawn Kendall ended her employment with the Company on 21 April 2022. Brett Miller continues to oversee the Company's realisation program and continues to be directly involved in the managed wind down of the Company's portfolio.

The appointment of the Consultants and the transfer of the operational employee provides continuity and ensures the Company has the necessary resource and expertise for the realisation of the balance of the portfolio. The Board may engage specialist consultants where it is considers that such appointments will assist in maximising returns for, and/or expediting capital returns to, shareholders.

Return of Capital
On 7 July 2021, the Company announced the third return of capital which was paid to shareholders on 29 July 2021. This return of capital was effected by way of an issue and immediate redemption and cancellation of 355,975,669 B Shares and 138,924,222 D Shares on 21 July 2021.

On 18 August 2021, the Company announced the fourth return of capital, which was paid to shareholders on 13 September 2021. This return of capital was effected by way of an issue and immediate redemption and cancellation of 355,975,669 B Shares and 138,924,222 D Shares on 3 September 2021.

On 24 February 2022, the Company announced the fifth return of capital which was paid to shareholders on 18 March 2022. This return of capital was effected by way of an issue and immediate redemption and cancellation of 355,975,669 B Shares and 138,924,222 D Shares on 10 March 2022.

On 21 April 2022, the Company announced the sixth return of capital which was paid to shareholders on 19 May 2022. This return of capital was effected by way of an issue and immediate redemption and cancellation of 355,975,669 B Shares and 138,924,222 D Shares on 11 May 2022.

The table below summaries the amounts returned to shareholders during the year:

	Ordinary Shares		**2016 C Shares**	
Record date	**Amount per Share**	**Amount returned to shareholders**	**Amount per Share**	**Amount returned to shareholders**
20 July 2021	3p	£10,679,270	7p	£9,724,695
2 September 2021	3p	£10,679,270	21p	£29,174,087
9 March 2022	1p	£3,559,757	10p	£13,892,422
10 May 2022	1p	£3,559,757	4p	£5,556,969

Sale of Investments
Borrower 41 within the C Share Class portfolio (as outlined in the Investment Report)
On 4 August 2021, the Board announced that a further loan underwritten by the Company, which was held solely within the 2016 C Share class portfolio, was refinanced with another provider. The loan was refinanced for consideration of £16.82 million, being the total amount outstanding under the loan. The Company also received an early repayment premium of £0.7 million. As at 30 June 2021, the investment had a fair value of £17.0 million.

Borrower 16 within the Ordinary Share Class portfolio (as outlined in the Investment Report)
On 4 August 2021, the Board announced the disposal of the Company's interest in a loan, which was held solely within the Ordinary Share class portfolio, for a consideration of US$1.0 million. As at 30 June 2021, the investment had a fair value of £0.7 million.

STRATEGIC REPORT (CONTINUED)

Significant Events during the Year Ended 30 June 2022 (Continued)

Sale of Investments (Continued)
Borrower 8 within the Ordinary Share Class portfolio and Borrowers 47, 48 and 51 within the 2016 C Share Class portfolio (as outlined in the Investment Report)
On 9 August 2021, the Board announced that a package of loans secured against shipping vessels to a single borrower, which were underwritten by the Company have been refinanced with another provider. The loans were refinanced for consideration of US$35.0 million (£25.3 million). As the loans were held within both the Ordinary and 2016 C Share class portfolio, US$16.6 million (£12.0 million) and US$18.4 million (£13.3 million) were allocated to the Ordinary and 2016 C Share class portfolio respectively.

As at 30 June 2021, the investments had a fair value of £11.6 million (Ordinary) and £13.5 million (2016 C share).

Borrower 42 and 58 within the C Share Class portfolio and Borrower 10, 18 and 35 within the Ordinary share class portfolio (as outlined in the Investment Report)
On 6 October 2021, the Board announced that two loans within the C Share Class portfolio, that provided regulatory capital for a US insurance business, have been purchased by another party. The loans have been purchased for consideration of US$4.0 million (£3.0 million).

As at 30 June 2021, the loans had a fair value of £2.7 million.

Borrower 10, a loan within the Ordinary Share Class portfolio that financed domestic heating systems and associated maintenance contracts has been settled. The loan was purchased for consideration of £3.8m. As at 30 June 2021, the loan had a fair value of £3.6 million.

In addition, two smaller settlements of positions within the Ordinary Share Class portfolio were transacted, as detailed below:

Borrower	Consideration	Date of Completion	Fair value as at 30 June 2021	Loan Description
18[1]	£0.0m	12 July 2021	£0.0m	Farm scale AD Plant
35	£0.3m	31 August 2021	£0.3m	Moveable micro hotel

[1] Position was written off post receiving nil value from administration.

Borrower 36 within the Ordinary Share Class portfolio (as outlined in the Investment Report)
In October 2021, borrower 36 within the Ordinary Share Class portfolio was sold for £1.0 million. The loan had a fair value of £0.9 million as at 30 June 2021.

Borrower 54 within the 2016 C Share Class portfolio (as outlined in the Investment Report)
Borrower 54 within the *2016 C* Share Class portfolio agreed settlement of £2.4 million in December 2021. The loan had a fair value of £2.4 million as at 30 June 2021.

Borrower 55 within the 2016 C Share Class portfolio (as outlined in the Investment Report)
Borrower 55 within the *2016 C* Share Class repaid £1.2 million, with the final payment received in December 2021. The loan had a fair value of £1.2 million as at 30 June 2021.

Borrower 49 within the 2016 C Share Class portfolio (as outlined in the Investment Report)
In February 2022, borrower 49 within the *2016 C* Share Class portfolio repaid £4.7 million. The loan had a fair value of £4.9 million as at 30 June 2021.

Borrower 57 within the 2016 C Share Class portfolio (as outlined in the Investment Report)
During the year, borrower 57 within the *2016 C* Share Class portfolio repaid £1.2 million, with the final payment received in May 2022. The loan had a fair value of £1.2 million as at 30 June 2021.

STRATEGIC REPORT (CONTINUED)

Significant Events during the Year Ended 30 June 2022 (Continued)

Sale of Investments (continued)
Borrower 43 within the 2016 C Share Class portfolio and Borrower 37 within the Ordinary Share Class portfolio (as outlined in the Investment Report)
On 13 June 2022, the Board announced that Borrower 43 within the 2016 C Share Class portfolio, a wholesale portfolio of Mexican leases, had refinanced and bought back the participation in the loan for $6.4 million (£5.3 million). The loan had a fair value of £7.0 million as at 30 June 2021, since which time the Company has also received amortisation and interest payments amounting to US$3.05m (£2.26 million).

A loan within the Ordinary Share Class portfolio, Borrower 37, an operating lease of earth moving vehicles, agreed a final repayment schedule, whereby the borrower paid the Company an amount of £174,625 on each of 6 May 2022 and 31 May 2022 and agreed a payment of £174,625 due on 30 June 2022, and a final payment of £176,175 due on 29 July 2022 for full and final settlement. The investment had a fair value of £0.9 million as at 30 June 2021.

Borrower 11 within the Ordinary Share Class portfolio (as outlined in the Investment Report)
On 30 June 2022, the Board announced that Borrower 11 within the Ordinary Share Class portfolio, an AD plant located in Eire, has refinanced repaying £3.0 million. The loan had a fair value of £4.1 million as at 30 June 2021.

Borrower 28 within the Ordinary Share Class portfolio (as outlined in the Investment Report)
In June 2022, borrower 28 within the Ordinary Share Class portfolio, was written off due to vandalism to assets located in Sierra Leone preventing any recovery. The loan had a fair value of £0.1 million as at 30 June 2021.

Cancellation of treasury shares
On 1 September 2021, 1,731,838 Ordinary Shares held in treasury were cancelled.

AGM held on 29 November 2021
Bonus payments
At the AGM, shareholders approved a one-off cash bonus of £280,000 to the Directors, payable in such proportions as the Directors determine to recognise their achievements to 30 June 2021 in achieving the aims of the Company’s investment objective of a managed wind down.

The Board voluntarily agreed to split the bonus into two parts, with the first half to be paid immediately and to defer the other half until the earlier of 1 January 2023 or the date at which a further £30 million had been returned to shareholders.

During the year, a £140,000 bonus was paid to the Directors, with an accrual payable of £140,000 as at 30 June 2022. £140,000 was paid to the Directors post year end, refer to note 18 for further information.

STRATEGIC REPORT (CONTINUED)

Significant Events during the Year Ended 30 June 2022 (Continued)

AGM held on 29 November 2021 (Continued)
Incentive plan
Shareholders at the AGM approved an incentive plan (the “Incentive Plan”).

The structure of the Incentive Plan is for a bonus pool to be created for the Board (excluding David Copperwaite as the independent Director), employees and consultants of the Company (both present and future) comprising cash equivalent to 1.4% of the aggregate funds distributed to shareholders since 1 July 2021 for a period up to 31 December 2023, following which the amount shall fall to 1.0% of aggregate funds distributed to shareholders for the period from 1 January 2024 to 30 June 2024 and will thereafter reduce by a further 0.2% every 3 months (the "Bonus Pool"). The precise allocation of the Bonus Pool will be at the discretion of the Board, subject to the approval of the independent Director. The Board will not distribute more than 50% of the Bonus Pool until the net assets of the Company fall below £20 million and no part of the Bonus Pool will be paid out until a minimum of £80 million has been returned to shareholders cumulatively since 1 July 2021. The Bonus Pool has been capped at £2.3 million.

For the year ended 30 June 2022, an incentive fee accrual of £2,266,001 (30 June 2021: £nil) has been recognised.

Change of name
At the AGM, a resolution to change the Company’s name from KKV Secured Loan Fund Limited to SLF Realisation Fund Limited was approved by the requisite majority.

Update on Resolution 6 and Resolution 7 at the AGM
On 25 May 2022, the Board made an announcement in regard to votes against Resolution 6 (Approval of one-off bonus) and Resolution 7 (Approval of the Incentive Plan) at the AGM on 29 November 2021 which represented 27.47% and 27.05% of those shares voting at the meeting.

The Board believes that certain investors may have had some concerns regarding the payment of performance incentive arrangements. The Board is of the view that the policy is important in aligning the incentives of those responsible for implementing the investment policy of the Company with shareholder interests.

The Board has overseen the successful revision of the management arrangements now in place, further details of which were set out in the announcement on 10 January 2022. The Board is satisfied that the Company is now operating efficiently and whilst much work remains to be done, the realisation program has advanced significantly since shareholders approved the new investment policy.

Share Capital and voting rights
The Company’s issued share capital as at 30 June 2022 consisted of 355,975,669 Ordinary Shares and 138,924,222 2016 C Shares of no par value. The share capital of the Company is represented by an unlimited number of shares of no par value. All shares hold equal voting rights with no restrictions and no shares carry special rights with regard to the control of the Company. There are no special rights attached to the shares in the winding up of the Company.

Please refer to note 13 for further information.

Subsidiaries and entities controlled by the Group
The Company’s subsidiaries are detailed in note 1. Brett Miller and David Copperwaite are the Directors of all the Company’s subsidiaries, except for SQN Asset Finance (Ireland) Designated Activity Company (“SQN Ireland”), as mentioned on the next page. Information of each Director is shown on page 38.

STRATEGIC REPORT (CONTINUED)

Subsidiaries and entities controlled by the Group (Continued)
Effective 1 January 2022, the Company meets the definition of control under IFRS 10 – "Consolidated Financial Statements" in respect to its investment holding in SQN Ireland. As such, the results for SQN Ireland have been consolidated with the Group's Audited Consolidated Financial Statements from this effective date. The consolidation of SQN Ireland has had a limited impact on the NAV of the Group. The Board of SQN Ireland are employees of its administrator, Cafico International.

Refer to note 2.1 for further detail.

Purpose
The Company is an investment company with wholly owned subsidiaries incorporated in Guernsey and SQN Ireland incorporated in the Republic of Ireland, and established for the primary purpose of acting as investment holding companies. The Company's purpose together with its subsidiaries is to realise all remaining assets in the portfolio of the Ordinary Shares and the 2016 C Shares in a prudent manner consistent with the principles of good investment management and to return cash to shareholders in an orderly manner.

Investment Objective and Investment Policy
Each share class has its own investment objective and investment policy, which are identical and are set out below.

Investment Objective
The investment objective of the Ordinary Shares and the 2016 C Shares is to realise all remaining assets in the portfolio of both share classes in a prudent manner consistent with the principles of good investment management and to return cash to shareholders in an orderly manner.

Investment Policy
The Company will pursue the investment objective of the Ordinary Share Class and the 2016 C Share Class by effecting an orderly realisation of the assets in a manner that seeks to achieve a balance between maximising the value received from those assets and making timely returns of capital to shareholders. This process might include sales of individual assets, mainly structured as loans and leases, or running off the Ordinary Share and 2016 C Share portfolios in accordance with the existing terms of the assets, or a combination of both.

As part of the realisation process, the Group may also exchange existing debt instruments for equity or other securities where, in the opinion of the Board, the Group is unlikely to be able to otherwise realise such debt instruments or will only be able to realise them at a material discount to the outstanding principal balance of that debt instrument.

The Company, on behalf of the Ordinary Share Class or the 2016 C Share Class, will cease to make any new investments or to undertake capital expenditure except where, in the opinion of the Board:

- the investment is a follow-on investment made in connection with an existing asset held by the Ordinary Share Class or the 2016 C Share Class in order to comply with the Group's pre-existing obligations; or
- failure to make the follow-on investment may result in a breach of contract or applicable law or regulation by the Group; or
- the investment is considered necessary by the Board to protect or enhance the value of any existing investments of the Ordinary Share Class or the 2016 C Share Class to facilitate orderly disposals of assets held by the Ordinary Share Class or the 2016 C Share Class.

Any cash received by the Company as part of the realisation process prior to its distribution to shareholders will be held by the Company, on behalf of the Ordinary Share Class or the 2016 C Share Class, as cash on deposit and/or as cash equivalents.

STRATEGIC REPORT (CONTINUED)

Investment Objective and Investment Policy (Continued)
Investment Policy (Continued)
The Company does not intend to undertake any new borrowings on behalf of the Ordinary Share Class or the 2016 C Share Class, although the Company may borrow where, in the opinion of the Board, an investment is considered necessary to protect or enhance the value of an existing investment and the Company does not have the available equity capital to fund the investment. Any such borrowings are expected to be short-term and would be repaid following the realisation of assets.

Any material change to the new Investment objective and investment policy for the Ordinary Share Class or the 2016 C Share Class would require Ordinary Shareholder or 2016 C Shareholder approval in accordance with the Listing Rules.

Significant Events after the Reporting Period

Return of Capital
On 12 July 2022, the Company announced the seventh return of capital which was paid to shareholders on 3 August 2022. This return of capital was effected by way of an issue and immediate redemption and cancellation of 355,975,669 B Shares and 138,924,222 D Shares on 26 July 2022.

The table below summaries the amounts returned to shareholders:

	Ordinary Shares		**2016 C Shares**	
Record date	**Amount per Share**	**Amount returned to shareholders**	**Amount per Share**	**Amount returned to shareholders**
25 July 2022	1p	£3,559,757	5p	£6,946,211

Asset Realisations
On 12 July 2022, the Board announced that within the Ordinary Share Class portfolio, Borrower 4, an AD plant located in Scotland had refinanced. The position was restructured and sold, repaying the fund £2.7 million plus the potential for a further £0.2 million of deferred consideration. It had a fair value of £2.8 million as at 30 June 2022 with a further £0.1 million advanced to fund creditors.

Financial risk management objectives and policies
The Board is responsible for the Company's system of risk management and internal control and meets regularly in the form of periodic Board meetings to receive reports from the Audit and Risk Committee and to consider the effectiveness of such controls in managing and mitigating risk. The Audit and Risk Committee considers the detail of the Risk Management Framework, and the risk reporting from the AIFM who has day-to-day responsibility for the management of risk.

The Board confirms that it has reviewed the effectiveness of the Company's system of risk management and internal control for the year ended 30 June 2022, and to the date of approval of these Audited Consolidated Financial Statements. The Board has taken into consideration the Financial Reporting Council ("FRC")'s, "Guidance on Risk Management, Internal Control and Related Financial and Business Reporting" to ensure that the Company's system of risk management and internal control is designed and operated effectively, in line with best practice guidance provided by the FRC.

STRATEGIC REPORT (CONTINUED)

Principal Risks and Uncertainties
The Principal Risks facing the Company are as set out below. Please refer to note 17 for reference to financial risk management disclosures, which explains in further detail the below risk exposures and the policies and procedures in place to monitor and mitigate these risks.

The approach of the Audit and Risk Committee to the identification and management of risk is set out in more detail in the Audit and Risk Committee Report. The Committee has, with the assistance of the AIFM, and the Administrator established an internal control framework to provide reasonable but not absolute assurance on the effectiveness of the internal controls operated on behalf of the Company by the service providers as the management and administrative functions are outsourced to third parties. The Risk Framework is kept under review.

When considering the total return of the Group, the Board takes account of the risk which has been taken to achieve that return. The Board looks at numerous risk factors, an overview of which is set out below:

Principal Risk	Description	Mitigating Factors
Counterparty /Asset risk	The Company's performance is subject to risks primarily inherent to asset financing; in particular, the quality of the assets underpinning the transaction and the risk of default by the counterparties. This may affect the Company's ability to operate profitably.	No new investments have been made in the current period. Ongoing monitoring programmes are in place which allows the Board, with the assistance of the Consultants and the Company's employee, to identify and address risks at an early stage.
Valuation Risk	Reliability of asset valuations is considered a key risk. Given the sector of investment, valuations of the counterparties' underlying businesses, and assets over which security exists, are calculated and rely upon assumptions, using inputs such as cash flows, discounts, security, profitability and going concern assumptions.	The fair value of investments and any fair value adjustments are assessed and agreed by the AIFM and Board. The Board also engages the Consultants, who have experience in the sector and are familiar with the valuation process, to prepare the valuation of the investments held in the portfolio. The Board can also engage professional valuers if required. Key reporting information is structured within the transactions, to ensure that all necessary borrower data can be accessed where required. The Group's investments are classified at fair value through profit or loss. Refer to note 2.3 and note 9 for detail of key estimates and assumptions applied by the Company when considering valuation of investments held as at 30 June 2022.

STRATEGIC REPORT (CONTINUED)

Principal Risks and Uncertainties (Continued)

Principal Risk	Description	Mitigating Factors
Currency Risk	The Company is invested in a global portfolio and investments will not always be in the base currency of the Company. As a result, such investments will carry currency risk, if the non-base currency investments are not hedged.	The Board have determined currency hedging is not to be conducted at this time. This is closely monitored by the Company and if deemed appropriate, the hedging transactions will be re-established.
Liquidity risk	The Company's investments are not publicly traded or freely marketable. As a result, there is likely to be a limited or no secondary market to transact in. Therefore, investments may be difficult to value or sell, with a risk of any achievable sale being at a value that is lower than the current valuation of such assets.	With the Company being wound down, all remaining assets in the portfolio are being disposed of in a prudent manner consistent with the principles of good investment management. The Company seeks to maximise the values it receives when realising or seeking repayment of investments.
Geopolitical risk	The Company provides asset finance to counterparties in several jurisdictions exposing the Company to potential economic, social, legal and political risks, such as the Ukraine conflict. The Group therefore faces significant risks as a result of a financial crisis.	The Company is invested in a diversified portfolio across a wide range of industry sectors and therefore the portfolio is sufficiently diversified to assist in the mitigation of such risk, though this diversification will decrease as the Company is wound down. Significant events causing market volatility are closely monitored, as are the impacts/potential impacts on the positions and counterparties the Company is invested in. **Ukraine Conflict** Russia invaded Ukraine in February 2022, which has added to the geopolitical and macro-economic uncertainties faced by the Company. The invasion itself and resulting international sanctions on Russia have already caused substantial economic disruption and is expected to have a severe impact on the global economy. The conflict has spurred further rises in already elevated, oil, gas and food prices that will continue to drive inflation. The full effects will take time to flow through fully and manifest themselves in the balance sheets of companies and impact ability to repay loans. The Company has no direct exposure to Ukraine or Russia and any impact on the Company's cash flow is not expected to be material.

STRATEGIC REPORT (CONTINUED)

Principal Risks and Uncertainties (Continued)

Principal Risk	Description	Mitigating Factors
Operational risk	The Company is ultimately responsible for all of its operations. As at 30 June 2022, the Company has one employee, for other services it enters into contracts with its service providers, including the Consultants, Administrator and AIFM, to ensure operational performance and regulatory requirements are met. With effect from 1 January 2022, the Board is more involved with the investment management of the investments held by the Company.	The Company conducts thorough due diligence and interviews each service provider prior to appointment. Ongoing monitoring of service providers is carried out through the regular reports service providers supply, which include ongoing updates on all operational and regulatory matters. The Management Engagement Committee periodically reviews all service providers, the employee and the Consultants aside from the auditors.
Performance risk	The performance of the Company is largely determined by the success of the Board in meeting or exceeding performance objectives and the expectations of investors, in accordance with the objectives set out in the Investment Policy.	The Board receives regular NAV information and cash flows. With effect from 1 January 2022, the Board is more involved with the investment management of the investments held by the Company. Regular announcements are provided to investors to appraise them of company performance.

Brexit is no longer considered a principal risk, as the United Kingdom has now left the European Union. As at 30 June 2022, there has not been a material impact on the Group due to Brexit and no material future impact is expected.

Emerging Risks

Principal risks, including emerging risks, are mitigated and managed by the Board through continual review, policy setting and reviews of the Company's risk matrix by the Audit and Risk Committee to ensure that procedures are in place with the intention of minimising the impact of the above mentioned risks where possible. The Board relies on periodic reports provided by the AIFM, Administrator, employee and Consultants regarding risks that the Company faces. When required, experts will be employed to gather information, including legal advisers and third-party valuation specialists. The Company has not identified any emerging risks as at 30 June 2022.

Going Concern

As the Company is in managed wind down, the Audited Consolidated Financial Statements for the year ended 30 June 2022 have been prepared on a basis other than going concern.

Viability Statement

At least once a year the Directors are required to carry out a robust assessment of the principal and emerging risks and make a statement which explains how they have assessed the prospects of the Company, over what period they have done so and why they consider that period to be appropriate, taking into account the Company's current position and principal and emerging risks. The principal and emerging risks faced by the Company are described on pages 19 to 21.

As detailed above, the Company is preparing the Audited Consolidated Financial Statements using a basis other than going concern as the Company is in managed wind down. Accordingly, the Directors have not assessed the longer-term viability of the Company other than for the managed wind down of the Company.

The Directors have assessed the wind down of the Company to be within 18 to 24 months of the date of the approval of these Audited Consolidated Financial Statements, although there is no guarantee that it will be possible to realise the assets within that timeframe.

Life of the Company

The Company has an indefinite life, however as outlined above the Company is in managed wind-down.

STRATEGIC REPORT (CONTINUED)

Section 172(1) Statement

Although the Company is domiciled in Guernsey, the Board adheres to the UK Corporate Governance Code and acknowledges its duty to comply with section 172(1) of the UK Companies Act 2006 to act in a way that promotes the success of the Company for the benefit of its members as a whole, having regard to (amongst other things and to the extent applicable):

a) consequences of any decision in the long-term;
b) the interests of the Company's employees;
c) need to foster business relationships with suppliers, customers and others;
d) impact on community and environment;
e) maintaining reputation; and
f) act fairly as between members of the Company.

The Board considers this duty to be inherent within the culture the Company and a part of its decision-making process.

The Company's culture is one of openness, transparency and inclusivity. Respect for the opinions of its diverse stakeholder's features foremost, as does its desire to implement its operations in a sustainable way.

The principal decisions section on page 24 outlines decisions taken during the year, which the Board believe, have been taken to meet the Company's investment objective and policy. The Board considers the factors outlined under section 172 and the wider interests of stakeholders as a whole in all decisions it takes on behalf of the Company.

Information on how the Board has engaged with its stakeholders is outlined below.

Stakeholder engagement

Stakeholder	How the Board engages
Shareholders	The Board recognises that it is important to maintain appropriate contact with all shareholders to understand their issues and concerns. There is a programme of contact with major shareholders and other shareholders are able to contact any Director through the Company Secretary. During the year, the Board engaged with its shareholders by: 1) Publishing announcements. 2) Publishing half-yearly and annual reports and accounts. 3) Making themselves available to meet major shareholders as requested. 4) Obtaining shareholder feedback directly and via the Corporate Broker. 5) Making themselves available to be contacted by shareholders. Shareholders receive relevant information allowing them to make informed decisions about their investments. The Board receives the views of shareholders allowing it to consider these views throughout its deliberations. During the year, considerable engagement with shareholders took place regarding: 1) the managed wind down of the Company in respect of both share classes. 2) Management arrangements.

STRATEGIC REPORT (CONTINUED)

Section 172(1) Statement (Continued)

Stakeholder engagement (Continued)

Stakeholder	How the Board engages
Third party service providers	The Board is reliant on third party service providers to help the Company operate in a compliant and efficient manner. During the year, the Board engaged with its service providers by: 1) Receiving detailed written and verbal reports at board meetings. 2) Regular communication with representatives via telephone and email to discuss ad hoc matters. 3) Undertaking an annual review via the Management Engagement Committee and providing feedback, where appropriate, regarding service levels to service providers.
External Auditor	The Board engages with the external auditor to ensure that the annual audit process operates effectively, efficiently and predictably. The Audit Committee meets with the auditor formally on a biannual basis and more frequently where required. The auditor provide valuable feedback on the Company and those of its service providers that have a delegated responsibility for areas of accounting and internal control. As noted further below and in the Audit and Risk Committee Report, the Audit and Risk Committee has engaged extensively with Deloitte LLP to understand their approach and requirements.
The wider community and the environment	The Board supports fully the growing importance placed on Environmental, Social and Corporate Governance (“ESG”) factors when delivering against the Company’s objectives. The Company has made significant investment in assets such as AD plants, which should have a positive impact on the environment. The Board and the AIFM, in managing the Company’s assets, are mindful of social, ethical and environmental issues of companies within the Group’s portfolio, acknowledging that companies failing to manage these issues adequately run a long-term risk to the sustainability of their businesses. Given that the Company is in wind down, the Company will not be making new investments but will continue to follow good practice on ESG issues where applicable.

STRATEGIC REPORT (CONTINUED)

Section 172(1) Statement (Continued)

Principal decisions

Principal decision	Stakeholder considerations / interests
Managed wind down of the Company	As part of the managed wind down of the Company, the Board continues to realise investments in a manner that achieves a balance between maximising the value received from investments and making timely returns of capital to shareholders. During the year ended 30 June 2022, the Company made a return of capital on four separate occasions, returning a total of £28,478,054 to Ordinary shareholders and £58,348,173 to 2016 C shareholders. Refer to note 14 for full details of the Company's return of capital during the year ended 30 June 2022 and note 18 for the return of capital subsequent to the year ended 30 June 2022.
Termination of the IMA	During the year, the Company in discussion with the Portfolio Manager agreed to the termination of the IMA with effect from midnight on 31 December 2021. Sanne Fund Management (Guernsey) Limited continues to act as the Company's AIFM and has, with effect from 1 January 2022, delegated responsibility for the management of the portfolio to the Company. Following the termination of the IMA, the Board engaged four Consultants, who were previously employed by the Portfolio Manager, to assist with the management and wind down of the investment portfolio. An employee providing operational support and Dawn Kendall transferred from the Portfolio Manager to the Company by virtue of TUPE. Dawn Kendall's employment was terminated by mutual agreement on 21 April 2022.

Employee engagement
With effect from 1 January 2022, an employee providing operational support and Dawn Kendall transferred from the Portfolio Manager to the Company by virtue of TUPE.

Dawn Kendall's employment was terminated by mutual agreement on 21 April 2022.

As at 30 June 2022, the Company has one employee.

Business relationships
The Board considers its business relationships with stakeholders to be important and is proactive in fostering these relationships. For details on the nature of these relationships and how the Company fosters relationships with its stakeholders, refer to the stakeholder engagement section on pages 22 to 23. The Board also considers the impact principal decisions have on its stakeholders, which is detailed in the principal decisions section above.

STRATEGIC REPORT (CONTINUED)

Culture of the Company
The Board recognises that its tone and culture is important and will greatly impact its interactions with shareholders and service providers. The importance of sound ethical values and behaviours is crucial to the ability of the Company to achieve its corporate objectives successfully.

The Board individually and collectively seeks to act with diligence, honesty and integrity. It encourages its members to express differences of perspective and to challenge but always in a respectful, open, cooperative and collegiate fashion. The Board encourages diversity of thought and approach and chooses its members with this approach in mind. The Corporate Governance principles that the Board has adopted are designed to ensure that the Company delivers value to its shareholders and treats all shareholders equally. All shareholders are encouraged to have an open dialogue with the Board.

The Board has adopted a code for Director dealings and a procedure for matters reserved for the Board and matters delegated to service providers to ensure an appropriate and effective framework for implementation and oversight. The Board intends to review its internal culture and that of its service providers on a regular basis.

Environmental and social issues
The Company is a closed-ended investment company, which has one employee, and therefore its own direct environmental impact is minimal. As the Company is a close ended investment company, the Group is currently exempt from the requirement to report against the recommendations of the Task Force for Climate Related Disclosures. The Board notes that the companies in which the Group invests will have a social and environmental impact over which it has no control. As the Company is in managed wind down, the business model is to actively realise assets in line with the investment policy and not make any new investments, however the Board continue to follow good practice on ESG issues where applicable. The Board considers that the impact of climate change does not give rise to a material impact on the Group's Audited Consolidated Financial Statements.

The Board holds all its meetings in Guernsey and, whilst Directors and service providers may travel to Guernsey for quarterly meetings, the Group's direct greenhouse gas emissions and environmental footprint are believed to be negligible. However, many of the companies and projects in which the Group invests have a very positive environmental footprint. The AD plants the Group finances use waste of many types to produce sustainable fertilisers and electricity or gas, which are provided to the respective National Grids. Additionally, our support for other renewable energy sources likewise provide alternative energy sources to fossil and/or nuclear fuels. In these ways, the Board is pleased that the Group plays a positive part in the environmental arena.

Future strategy
The Board seeks to achieve the objectives set out in the investment objective and policy, to deliver a realisation strategy and return capital to shareholders whilst also protecting capital values.

The Directors have assessed the wind down of the Company to be within 18 to 24 months of the date of the approval of these Audited Consolidated Financial Statements, but there can be no guarantee that this timetable will be achievable.

This Strategic Report was approved by the Board of Directors on 29 September 2022 and signed on its behalf by:

Brendan Hawthorne	**David Copperwaite**
Chairman	Director

INVESTMENTS REPORT

Overview
Realisations continued throughout the year at a strong pace with negotiations in place as described further below. As is typical in a runoff credit scenario, most of the facilities have now been closed where a not overly complex solution was possible. The Company will continue to proactively work with remaining creditors to source funding or restructure borrowing companies for sale or refinance.

The Company has worked closely with borrowers, whilst also optimising the return of capital to shareholders in as expeditious a manner as possible. This resulted in £86.83 million being returned to shareholders during the year. All distributions were paid as capital returns, as opposed to dividends, which were suspended in March 2020. No foreign exchange (“FX”) hedging has been undertaken during the reporting period with non-GBP balances converted into GBP at the soonest opportunity.

The FX exposures in the portfolio as at 30 June 2022 were:

FX exposures (in millions)	Fair value	
Ordinary Share	**Original currency**	**GBP**
GBP	35.49	35.49
EUR	20.10	17.31
USD	1.91	1.57
2016 C Share		
GBP	11.71	11.71
EUR	7.14	6.14
USD	-	-

Market backdrop
Political instability increased significantly in the second half of the financial year as Russia invaded Ukraine and many countries implemented sanctions against Russia in response.

Interest rates have risen across Europe, the UK and the USA increasing the cost of debt and reducing ability to refinance. Significant inflationary pressures were the primary cause of central bank action impacting business’ cost base.

Energy shortages caused by the conflict are reducing output and expected to be more difficult entering European winter especially for energy intensive businesses. Many governments have implemented support packages on energy prices, which may mitigate some of the risk.

For the AD assets there was limited good news, though for the few assets that do not have fixed price offtakes the increased energy values were positive. Only Borrowers 1 & 2 benefit from this, however, neither have shown stable gas output levels yet. For those AD plants using waste materials, some have been able to secure new supply chains, though inflationary pressure remains a risk.

The Ordinary Share Class and 2016 C Share Class Portfolios
As the portfolio is in wind down, all borrowers are asked to repay debt were possible and the Company seeks to refinance such debt or facilitate sale of other investments. The Company returns capital to shareholders via capital repayments.

Dividends
No dividends were distributed during the reporting period. However, it should be noted that the Company was able to continue capital distributions to shareholders as loans were refinanced or matured. In the year, £28.48 million was returned to Ordinary shareholders and £58.35 million returned to 2016 C shareholders.

INVESTMENT REPORT (CONTINUED)

Ordinary Share Class

Borrower	FV at 30 June 22 £m	FV at 30 June 21 £m	Change in FV £m	Asset Type	Asset Class	Currency	Grade
Borrower 1	10.6	7.9	2.7	Finance Lease	Anaerobic Digestion	GBP	10 : Loss
Borrower 2	9.1	9.7	(0.6)	Finance Lease	Anaerobic Digestion	GBP	10 : Loss
Borrower 4	2.8	3.7	(0.9)	Finance Lease	Anaerobic Digestion	GBP	10 : Loss
Borrower 5	1.0	0.6	0.4	Term Loan	Manufacturing	USD	10 : Loss
Borrower 6	17.3	19.8	(2.5)	Term Loan	Manufacturing	EUR	8 : Extremely high risk
Borrower 8	Closed	11.6	n/a	Term Loan	Shipping	USD	10 : Loss
Borrower 10	Closed	3.6	n/a	Hire Purchase	Wholesale Portfolios	GBP	10 : Loss
Borrower 11	Closed	4.1	n/a	Finance Lease	Anaerobic Digestion	EUR	7 : High risk
Borrower 16	Closed	0.7	n/a	Term Loan	IT & Telecom	USD	10 : Loss
Borrower 18	Closed	-	n/a	Finance Lease	Anaerobic Digestion	GBP	10 : Loss
Borrower 19	2.5	1.4	1.1	Finance Lease	Manufacturing	GBP	10 : Loss
Borrower 20	1.4	1.7	(0.3)	Revolving Loan	Wholesale Portfolios	GBP	10 : Loss
Borrower 21	-	2.1	(2.1)	Term Loan	Medical	USD	9 : Doubtful
Borrower 22	2.0	2.4	(0.4)	Finance Lease	Anaerobic Digestion	GBP	5 : Acceptable risk
Borrower 23	1.3	1.1	0.2	Finance Lease	Anaerobic Digestion	GBP	10 : Loss
Borrower 24	2.0	2.0	-	Finance Lease	Anaerobic Digestion	GBP	5 : Acceptable risk
Borrower 26	0.9	1.2	(0.3)	Finance Lease	Wind Turbines	GBP	7 : High risk
Borrower 28	Closed	0.1	n/a	Hire Purchase	Infrastructure Equipment	GBP	10 : Loss
Borrower 61	3.0	3.7	(0.7)	Deferred Payment	CHP	GBP	8 : Extremely high risk
Total	**53.9**	**77.4**					

Property, Plant and Equipment Investments

Borrower*	FV at 30 June 2022 £m	FV at 30 June 2021 £m	Change in FV £m	Investment Type	Asset Class	Currency
Borrower 35	Closed	0.3	n/a	Operating Lease	Infrastructure	GBP
Borrower 36	Closed	0.9	n/a	Operating Lease	Marine Equipment (ex. Vessels)	GBP
Borrower 37	Closed	0.9	n/a	Operating Lease	Equipment for construction	GBP
Total		**2.1**				

* Used Borrower terminology to be consistent throughout report, however these are PPE assets.

INVESTMENT REPORT (CONTINUED)

Equity Holdings and other Investments

Borrower*	FV at 30 June 2022 £m	FV at 30 June 2021 £m	Change in FV £m	Investment Type	Asset Class	Currency
Borrower 38	-	-	-	Equity	Medical	USD
Borrower 39	0.5	0.9	(0.4)	Equity	Helicopters	USD
Borrower 62	-	-	-	Equity	Technology	GBP
Total	**0.5**	**0.9**				

* Used Borrower terminology to be consistent throughout report, however these are Equity assets.

Credit Assumptions - AD Assets

The Board instructed KPMG LLP to provide a fair value valuation of seven remaining AD assets as at 30 June 2021. As most facilities had either repaid or were in the process of sale an updated external valuation was felt unnecessary. Where a transaction was underway the expected cashflows from this were used to value the asset. For borrowers 23 and 24, the June 2022 value adjusts the June 2021 valuation by removing the preceding 12 months of cash flow and projecting the most recent 6 months of revenues as continuing for a further 18 months.

For AD assets that are not currently under a formal sales process, an assumption of 1 year to complete a sale has been used. This may or may not prove correct as each asset has its own unique characteristics. The future income stream for each plant is predominantly derived from fixed government energy subsidies based on production volume. While spot energy prices have risen significantly, several plants have pre-agreed energy supply contracts fixing the unit prices for the project lifespan. Most assets have also not operated at full capacity as described further below.

Position	FV Discount Rate	Risk Grade	Security Type
Borrower 1	**7.5-9.0%**	**10**	**AD Asset**

- Secured against a 5MW AD plant located in Hartlepool.
- The facility is in default (risk grade 10).
- The plant is operational, and no remediation work required so not deemed project finance risk.
- In June 2021, KPMG's weighted average valuation was £8.6m.
- Consistent supply of feedstock remains an issue with efforts underway to allow additional products.

Position	FV Discount Rate	Risk Grade	Security Type
Borrower 2	**7-8.5%**	**10**	**AD Asset**

- Secured against a 5MW AD plant located in Middlesbrough.
- No operational and remediation work required so not deemed project finance risk.
- In June 2021, KPMG's weighted average valuation was £10.5m.
- Consistent supply of feedstock remains an issue. If Borrower 1 is able to add additional products this will free supply it would otherwise consume.
- Plant suffered a material period of low output in late 2021 due to technical problems with feedstock mix.

Position	FV Discount Rate	Risk Grade	Security Type
Borrower 4	**20%**	**10**	**AD Asset**

- Secured against a 5MW AD plant located in Aberdeenshire.
- A sale of this asset for £2.7m plus £0.2m deferred occurred in July 2022.

INVESTMENT REPORT (CONTINUED)

Credit Assumptions - AD Assets (Continued)

Position	FV Discount Rate	Risk Grade	Security Type
Borrower 22	**8.0-9.0%**	**5**	**AD Asset**

- Secured against 0.5MW farm scale AD plant in Northern Ireland.
- Performing AD asset with over 12 months of stable energy output.
- In the first half of the financial year, the plant was acquired by new owners.
- The new owners are currently seeking to refinance majority (if not all) of the Company's position, leaving a residual amortising junior debt position.

Borrower 23	**8.5%-9.5%**	**10**	**AD Asset**

- Secured against 0.5MW farm scale AD plant in Northern Ireland.
- The facility is in default (risk grade 10).
- The Company holds a 50% share.
- An exit is uncertain at this point.

Borrower 24	**8.0-9.0%**	**5**	**AD Asset**

- Secured against a 0.5MW AD plant in Northern Ireland.
- Performing AD asset with over 12 months of stable energy output.
- The Company holds a 50% share.
- An exit is uncertain at this point.

Borrower 61	**20%**	**8**	**AD Asset**

- This exposure is the deferred consideration from closing out an AD asset in the Republic of Ireland.
- The Company has offered the borrower until Q3 2022 to repay.
- The facility is high risk reflecting the potential repossession of specific assets held via an SPV.

Non-AD Assets

Position	FV Discount Rate	Risk Grade	Security Type
Borrower 5	**20%**	**10**	**High Risk**

- Former Solar Manufacturer. Potential recoveries from Chinese guarantor, equipment, or tariff proceeds.
- Claim vs tariffs – It appears certain that no recovery will occur from this.
- Claim vs guarantor – The credit quality of the guarantor is uncertain.
- Court process to hear the guarantor claim scheduled to begin in September 2023.
- An appeal case was required to further pursue the guarantor, however, the guarantor won. A new court process is required, which will likely take over 18 months.
- The Company has been in direct discussions with the guarantor, and it is hoped it can agree a settlement with both the guarantor and SQN Asset Servicing LLC this year.
- The equipment is of uncertain value, dependent on political policies and outcomes in USA.
- The Company has little to no control over timing of a potential sale of the equipment.
- Highly uncertain cash flows with limited value assigned.

INVESTMENT REPORT (CONTINUED)

Non-AD Assets (Continued)

Borrower 6	**20%**	**8**	**Fixed Asset**

- Security includes glass manufacturing equipment based in France.
- In Q4 2021, the management team informed the Company that due to transformational project issues and raw material price inflation the company was forecasting a cash flow squeeze throughout FY22 and into FY23. The company's key creditors, which includes the Company, agreed to support the borrower by restructuring their respective positions.
- The Company agreed to restructure the repayment profile and extend the maturity of the facility from mid-2023 to mid-2024.
- Management is considering refinancing the Company's position, but are mindful of inflationary headwinds and are too early in the process to be able to provide any level of certainty.

Borrower 19	**20%**	**10**	**Fixed Asset**

- Secured against paper manufacturing machinery located in Aberdeen and Kent.
- The offer from the borrower to acquire the equipment fell through.
- The borrower is engaged in a sale process that will result in the settlement of the Company's facility.
- The FV of the facility is supported by an independent valuation report of the underlying machinery.
- It is assumed it will take until at least the end of 2022 to close the transaction.

Borrower 20	**20%**	**10**	**Realisable**

- Secured against a wholesale portfolio of working capital SME loans.
- Company granted extension to pay from September 2021 until 31 December 2021 to source new funding. This date passed, and the borrower is still pursuing refinancing opportunities.
- Material amortisation has occurred in 2022 so far.

Borrower 21 &38	**20%**	**10**	**High Risk**

- Non-specialist hospital equipment, with uncertain value.
- Hospital closed on 30 June 2022. Attempts to sell the hospital failed, and owner could no longer finance ongoing losses.
- A corporate recovery/special situations company has been appointed to manage the closure of the hospital.
- An auction of the company's equipment is likely to take place in late September/October 2022, alongside the hospital's own equipment.

Borrower 26	**20%**	**7**	**Fixed Asset**

- Two wind energy assets with two leases.
- One is paying to schedule, the other was in arrears but continues to pay.
- The lease in arrears has had difficulty obtaining insurance on the turbine.
- The arrears were cleared in September 2022.
- Cash flows assumed from the initial schedule.
- The borrower has indicated an interest in refinancing.

Borrower 37	**20%**	**10**	**High Risk**

- This operating lease was established following the rescue of yellow metal earth moving vehicles from an administration.
- The contract was turned into a deferred payment schedule, which completed in July 2022.

INVESTMENT REPORT (CONTINUED)

Non-AD Assets (Continued)

Borrower 39	10%	10	Realisable

- Portfolio of ageing helicopter assets.
- SQN Capital Management LLC have agreed sale of helicopter assets with a deferred payment schedule to a known counterparty.
- Scheduled monthly payments under the deferred sale agreement to August 2022 have been met.
- 3 of the 4 helicopters were sold in September 2022 as the buyer exercised the early payment option. The Company received US$486k (£422k) for its share of the sale proceeds.
- One helicopter remains on the deferred sale schedule, which ends in March 2023.

Borrower 62	20%	10	High Risk

- Equity position from sale of hotel technology provider facilities.
- No recent cash flow or balance sheet has been provided, therefore unable to assume any cash flows.

Closed Transactions

Facility	Fair Value June 2021	Description
Borrower 4[1]	£3.7m	Borrower refinanced for £3.0m.
Borrower 8	£11.6m	Borrower refinanced for £12.0m. Marine vessels were badly hit pre and early in Covid-19 cycle but saw significant improvement into 2021.
Borrower 10	£3.6m	Refinance agreed for £3.8m. Facility financed domestic heating systems and the maintenance contracts.
Borrower 11	£4.1m	Borrower refinanced.
Borrower 16	£0.7m	Refinance agreed for £0.7m. Brazilian telecom assets were held in a complex ownership structure, intertwined with another business. Our assets appeared to produce minimal cash flows due to ground rents payable to a sister company. No interest paid since 2015.
Borrower 18	£nil	Zero received from administration of plant that started in 2019. Farm scale AD plant based in NE England.
Borrower 28	£0.1m	Zero recovery - Facility was written off due to vandalism to assets located in Sierra Leone preventing any recovery.
Borrower 35	£0.3m	Sale of assets for £0.3m plus refurbishment costs was achieved. Underlying assets broadly rusting proof of concept containers converted into micro hotel rooms. Very poor-quality accommodation with high operational costs. Liability to cover refurbishment, storage and disposal costs extinguished.
Borrower 36	£0.9m	ROV assets sold for £1m. Very limited utilisation of assets attached to third-party vessel, lease only paid on utilisation.
Borrower 37	£0.9m	Deferred payment schedule completed in July 2022. £1.1m was received since June 2021.

[1] Position disposed of in July 2022. Refer to note 18 for further information.

INVESTMENT REPORT (CONTINUED)

2016 C Share Class

Borrower	FV at 30 June 2022 £m	FV at 30 June 2021 £m	Change in FV £m	Asset Type	Asset Class	CCY	Gross Yield	Grade
Borrower 41	Closed	17.0	n/a	Term Loan	Waste Processing	GBP	9.50%	4 : Average
Borrower 42	Closed	2.0	n/a	Term Loan	Insurance	USD	10.00%	10 : Loss
Borrower 43	Closed	7.0	n/a	Term Loan	Wholesale	USD	10.80%	10 : Loss
Borrower 44	2.3	4.2	(1.9)	Revolving Loan	Wholesale	GBP	9.50%	10 : Loss
Borrower 45	0.9	0.5	0.4	Finance Lease	Manufacturing	EUR	9.20%	10 : Loss
Borrower 46	5.3	3.9	1.4	Term Loan	Aviation	EUR	9.60%	10 : Loss
Borrower 47	Closed	4.7	n/a	Term Loan	Shipping	USD	10.40%	10 : Loss
Borrower 48	Closed	4.7	n/a	Term Loan	Shipping	USD	10.40%	10 : Loss
Borrower 49	Closed	4.9	n/a	Term Loan	Infrastructure Equipment	GBP	9.00%	6 : Borderline risk
Borrower 50	3.8	4.5	(0.7)	Finance Lease	Waste Processing	GBP	10.00%	5 : Acceptable risk
Borrower 51	Closed	4.1	n/a	Term Loan	Shipping	USD	10.40%	10 : Loss
Borrower 52	3.0	3.8	(0.8)	Finance Lease	Waste Processing	GBP	9.80%	5 : Acceptable risk
Borrower 53	2.5	3.4	(0.9)	Term Loan	Construction	GBP	8.80%	5 : Acceptable risk
Borrower 54	Closed	2.4	n/a	Receivables Purchase	Infrastructure Equipment	GBP	9.90%	8 : Extremely high risk
Borrower 55	Closed	1.2	n/a	Term Loan	Material Handling	USD	10.00%	5 : Acceptable
Borrower 57	Closed	1.2	n/a	Term Loan	Aviation	EUR	8.80%	5 : Acceptable risk
Borrower 58	Closed	0.7	n/a	Term Loan	Insurance	USD	10.00%	10 : Loss
Borrower 59	0.1	0.4	(0.3)	Finance Lease	Marine	GBP	10.30%	6 : Borderline risk
Total	**17.9**	**70.6**						

Position	FV Discount Rate	Risk Grade	Security Type
Borrower 44	**20%**	**10**	**Realisable**

- Secured against a wholesale portfolio of working capital SME loans.
- The Company granted extension to pay from September 2021 until 31 December 2021 to source new funding. This passed, however, the Company is still pursuing refinancing opportunities.
- Material amortisation has occurred in 2022 so far.

Position	FV Discount Rate	Risk Grade	Security Type
Borrower 45	**20%**	**10**	**High Risk**

- Secured against car engine manufacturing equipment. Currently in liquidation.
- Protracted insolvency process has prevented sale to date.
- Assets of obligor will be sold by public auction, likely in Q3 2022.
- Fund's assets do not have to be sold by public auction.
- Some difficulty obtaining access to the site for potential buyers, but we believe this will be possible and happen in Q3 2022.

INVESTMENT REPORT (CONTINUED)

2016 C Share Class (Continued)

Position	FV Discount Rate	Risk Grade	Security Type
Borrower 46	**10%**	**10**	**Realisable**

- Exposure secured against a modern AW169 Helicopter via a German mortgage.
- Valuation of helicopter is taken from third party valuation report.
- The Company worked with the borrower to secure a long term lease contract for the helicopter.
- The borrower is aiming to refinance or sell the helicopter within the next 12 months.

Borrower 50	**10.93%**	**5**	**Fixed Asset**

- Secured against a fridge recycling plant located in Gateshead.
- Performing asset. No arrears.

Borrower 52	**11.39%**	**5**	**Fixed Asset**

- Secured against a waste recycling plant.
- Performing asset. No arrears.

Borrower 53	**9.72%**	**5**	**Realisable**

- Secured against seven junior participations in public-private partnership (“PPP”) contracts.
- Performing asset with good cash flow visibility, underpinned by PPP contracts in Northern Ireland.
- Assume the facility will run to maturity as per the original schedule.

Borrower 59	**11.81%**	**6**	**Realisable**

- Marine Equipment. Performing asset.
- No indication from the business that they intend to refinance. Therefore, assumed facility will mature as scheduled.

Facilities Closed

Facility	Fair Value June 2021	Description
Borrower 41	£17.0m	Borrower refinanced in full including a prepayment fee. Monthly amortisation paid until close. Facility recycled garden and food waste into compost in Northern Ireland.
Borrower 42 & 58	£2.7m	Position sold for £2.7m to a third party. Transaction funded the start-up costs and regulatory capital for a US insurance business.
Borrower 43	£7.0m	Borrower refinanced for US$6.4m (£5.3m) in June 2022, in addition, the Company received US$3.05m (£2.26m) in regular interest and principal payments during the year ended 30 June 2022.
Borrower 47, 48 & 51	£13.5m	Borrower refinanced for £13.3m. Marine vessels were badly hit pre and early in the Covid-19 cycle but saw significant improvement into 2021.
Borrower 54	£2.4m	Borrower agreed settlement in full of £2.4m in December 2021.
Borrower 55	£1.2m	Borrower agreed settlement in full, final payment of £0.42m received in December 2021.
Borrower 57	£1.2m	Borrower repaid in full against revised schedule.
Borrower 49	£4.9m	Borrower refinanced in full, including a prepayment fee.

INVESTMENT REPORT (CONTINUED)

Outlook

At the time of writing, the economic effects of the Covid-19 pandemic seem likely to continue combined with rising inflation and interest rates. We will therefore keep the facilities under regular review.

Brett Miller
Director
29 September 2022

DIRECTORS' REPORT

The Directors present the Annual Report and Audited Consolidated Financial Statements of the Group for the year ended 30 June 2022.

Statement as to Disclosure of Information to the Auditor
The Directors who held office at the date of approval of this Directors' Report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware and that they have taken the steps that they ought to have taken as Directors to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Fair, Balanced and Understandable
In assessing the overall fairness, balance and understandability of the Annual Report and Audited Consolidated Financial Statements the Board has performed a comprehensive review to ensure consistency and overall balance.

Board of Directors
The Directors of the Company as at the year-end and up to the date of this report were:

Brendan Hawthorne (Chairman)
Brett Miller
David Copperwaite

The biographical details of the Directors in office at the year-end are provided on page 38.

Directors' Interests
The Directors of the Company as at the year-end and up to the date of approval of this report held the following interests in the Company's share capital:

Director	Number of Ordinary Shares	Number of 2016 C Shares
Brendan Hawthorne	-	-
Brett Miller	-	-
David Copperwaite	410,000	-

Notifications of Shareholdings
In accordance with Chapter 5 of the Disclosure Guidance and Transparency Rules (which covers the acquisition and disposal of major shareholdings and voting rights), the Company did not receive any notifications during the year ended 30 June 2022 from shareholders that had an interest of greater than 5% in the Company's issued share capital.

The Company received the following notification during the period 1 July 2022 to 29 September 2022:

	Percentage of total voting rights
Morgan Stanley & CO. International PLC	5.07%
Philip J Milton & Company Plc	5.01%

Ordinary Share Buybacks
At the AGM held on 29 November 2021, the Directors were granted authority to repurchase 53,360,753 Ordinary Shares and 20,824,741 2016 C Shares (being equal to 14.99% of the number of Ordinary Shares and 2016 C Shares in issue) for cancellation. This authority will expire upon the date of the next AGM unless previously renewed, varied or revoked by the Company in a general meeting.

The Directors intend to seek annual renewal of this authority from the shareholders. Pursuant to this authority, and subject to the Companies (Guernsey) Law, 2008, as amended ("Companies Law") and the discretion of the Directors, the Company may purchase Ordinary Shares and 2016 C Shares in the market if they believe it to be in shareholders' interests. No Ordinary Shares or 2016 C Shares were repurchased by the Company during the year ended 30 June 2022.

DIRECTORS' REPORT (CONTINUED)

Indemnities
To the extent permitted by Companies Law, the Company's Articles provide an indemnity for the Directors against any liability except such (if any) as they shall incur by or through their own breach of trust, breach of duty or negligence.

During the year ended 30 June 2022 and up to the date of this Annual Report, the Group has maintained insurance cover for its Directors under a Directors and Officers' liability insurance policy.

2021 AGM
The AGM was held in Guernsey on 29 November 2021. The notice for the AGM set out the ordinary resolutions to be proposed at the meeting. Separate resolutions were proposed for each substantive issue.

Voting on all resolutions at the AGM was by poll. The proxy votes cast, including details of votes withheld were disclosed to those in attendance at the meeting and the results were published on the website and announced via the RNS on 29 November 2021. All resolutions were passed

The Directors welcome communication with all shareholders and can be contacted in writing at the Company's registered office, which can be found on page 109.

One-Off Bonus and Incentive Plan
Refer to the Strategic Report for details on the one-off bonus payment and incentive plan.

Borrowing
The Group does not have any external borrowings.

Events after the Reporting Period
Refer to page 18 of the Strategic Report and note 18 for further details on events after the reporting period.

Statement of Directors' Responsibilities
The Directors are responsible for preparing the Annual Report and Audited Consolidated 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 have elected to prepare the financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and applicable law.

The financial statements are required by law to 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 Audited Consolidated Financial Statements, the Directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable, relevant and reliable;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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.

DIRECTORS' REPORT (CONTINUED)

Statement of Directors' Responsibilities (Continued)
The Directors are responsible for keeping proper accounting records that are sufficient to show and explain the Group's transactions and disclose with reasonable accuracy at any time the financial position of the Group and enable them to ensure that its Audited Consolidated Financial Statements comply with the Companies (Guernsey) Law, 2008. 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 Group and to prevent and detect fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the website and for the preparation and dissemination of the Audited Consolidated Financial Statements. Legislation in Guernsey governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Responsibility statement of the Directors in respect of the Annual Report and Audited Consolidated Financial Statements

We confirm that to the best of our knowledge:

- the Audited Consolidated Financial Statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group; and
- the Directors' Report includes a fair review of the development and performance of the business and the position of the issuer, together with a description of the principal risks and uncertainties that they face.

We consider the Annual Report and Audited Consolidated Financial Statements, taken as a whole, are fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's position and performance, business model and strategy.

By order of the Board

Brendan Hawthorne	**David Copperwaite**
Chairman	Director
29 September 2022	29 September 2022

DIRECTORS' BIOGRAPHIES

David Copperwaite (Non-Executive Director) - Appointed 31 December 2020
David Copperwaite, a resident of Guernsey, is on the board of directors of a number of investment funds operated by various financial groups. These investment funds include multi-functional investment, venture capital, direct lending, distressed and non-performing debt together with substantial private equity investment entities, involving financial service companies, insurance broking, banking and real estate development.

Mr Copperwaite has over 50 years' experience in the financial services sector working for Standard Bank between 1965 and 1973 followed by Lloyds Bank International Limited between 1973 and 1997. In that time, Mr Copperwaite held a number of positions including Principal Manager (Sterling European Region) between 1988 and 1997. In that role he was responsible for all international private banking operations in Guernsey, Jersey, Gibraltar and London (Mayfair) and these covered the areas of banking, investment funds (open-ended, split capital and closed), cash and money management, secured and unsecured lending, offshore trusts and company management. Mr Copperwaite is a former Chairman of The International Bankers Association.

Brendan Hawthorne (Non-Executive Chairman) - Appointed 24 February 2021
Mr Hawthorne is an experienced non-executive director and chairman with significant work-out experience in the listed and private equity environments. He has been involved in the running off and realisation of numerous listed funds across a wide range of asset classes. He has more than 25 years' experience as an asset recovery specialist and is frequently invited to join or chair boards where a form of orderly wind down is indicated.

Brett Miller (Director) - Appointed 16 September 2020
Brett presently serves as a director of the following publicly listed companies: Manchester and London Investment Trust plc and Secured Income Fund plc. He is also a director of a number of unlisted and/or private companies.

Brett has wide ranging closed end fund and investment trust/investment company experience both as an investor and in managing or serving on boards of closed ended funds. He has been involved (as executive and non-executive director) in the management and in some cases, the running off and realisation, of numerous LSE and AIM listed closed end funds across a wide range of asset classes including (but not limited to) HWSI Realisation Fund Limited, The Local Shopping REIT plc, China Growth Opportunities Fund, Loudwater Trust plc, Rapid Realisations Fund Limited, Ranger Direct Lending Fund plc, and EIH plc. He has considerable expertise in restructuring and re-aligning management incentives and aligning shareholder and managerial interests for both ongoing and realisation situations.

CORPORATE GOVERNANCE REPORT

Introduction
The Board is committed to high standards of corporate governance and has put in place a framework for corporate governance, which it believes, is appropriate for an investment company.

Compliance with Corporate Governance Codes
For the period from 1 July 2021 to 1 October 2021, the Company was a member of the AIC and followed the AIC Code of Corporate Governance. During this period, the Company complied with the recommendations of the AIC Code and as such also met the requirements of the UK Code and by default the Guernsey Code

With effect from 1 October 2021, the Company is no longer a member of the AIC as the Directors decided not to renew the Company's membership and the Directors decided to follow the UK Code.

The Guernsey Financial Services Commission has confirmed that companies that report against the UK Code are deemed to meet the Guernsey Code of Corporate Governance (the "Guernsey Code"). The UK Code is available from the Financial Reporting Council (the "FRC") website (www.frc.co.uk).

Throughout the year ended 30 June 2022, the Company has complied with the recommendations of the UK Code and by default the Guernsey Code, except to the extent highlighted below:

- Appointment of a Senior Independent Director (provision 12).
- Chairman is chairman of the Audit and Risk Committee (provision 24).
- Going concern basis for accounting (provision 30).

Provision 12: No Senior Independent Director has been appointed. The Board does not therefore maintain a document setting out the responsibilities of the Senior Independent Director. All Directors have different qualities and areas of expertise on which they lead, and concerns can be conveyed to the Chairman, or another Director if shareholders do not wish to raise concerns with the Chairman.

Provision 24: The Chairman is also Chairman of the Audit and Risk Committee. In view of the Company being in managed wind down, the Board consider this appropriate given the Board's size and Mr Hawthorne's significant financial expertise and independence from executive management of the Company.

Provision 30: These Audited Consolidated Financial Statements have been prepared on a basis other than going concern as the Company is in managed wind down.

The Group complies with the corporate governance statement requirements pursuant to the UK FCA Disclosure and Transparency Rules by virtue of the information included in the Corporate Governance section of the Annual Report.

The Board believes that this Annual Report and Audited Consolidated Financial Statements presents a fair, balanced and understandable assessment of the Group's position and prospects, and provides the information necessary for shareholders to assess the Group's performance, business model, strategy, principal risks and uncertainties.

CORPORATE GOVERNANCE REPORT (CONTINUED)

Board Independence, Composition and Diversity
Brett Miller was appointed as a Director on 16 September 2020. David Copperwaite was appointed as a Director on 31 December 2020. Brendan Hawthorne was appointed as Chairman of the Board on 24 February 2021. The biographical details of the Directors are listed on page 38 and demonstrate a breadth of investment, accounting, banking and professional experience.

Brendan Hawthorne and David Copperwaite are considered independent. Brett Miller is not considered independent by virtue of his role in managing the portfolio and disposal of the assets of the fund in the wind down period.

Given the Company has entered the wind-up phase in its life cycle, the Directors consider that there are no factors, as set out in Provision 10 of the UK Code, which compromise the Chairman’s or the other Non-Executive Director’s independence and that all Directors contribute to the affairs of the Company in an adequate manner. The Board reviews the independence of all Directors periodically.

The Board values the importance of diversity to the effective functioning of the Board.

Directors’ Duties and Responsibilities
The Directors have adopted a set of reserved powers, which establish the key purpose of the Board and detail its major duties. These duties cover the following areas of responsibility:

- statutory obligations and public disclosure;
- approval of key investment and disposal decisions;
- strategic matters and financial reporting;
- Board composition and accountability to shareholders;
- risk assessment and management, including reporting, compliance, monitoring, governance and control; and
- other matters having material effects on the Group.

These reserved powers of the Board have been adopted by the Directors to demonstrate clearly the importance with which the Board takes its fiduciary responsibilities and as an ongoing means of measuring and monitoring the effectiveness of its actions.

The Board meets at least four times each year, monitors the Group’s share price and NAV, and regularly considers ways in which to enhance the return of capital to investors during the winding up of the Group. The Board is responsible for the safeguarding of the assets of the Group and taking reasonable steps for the prevention and detection of fraud and other irregularities. The Company Secretary also ensure that all Directors receive, in a timely manner, all relevant management, regulatory and financial information relating to the Group. Directors unable to attend a Board meeting are provided with the Board papers and can discuss issues arising in the meeting with the Chairman or another Director.

Individual Directors may, at the expense of the Group, seek independent professional advice on any matters that concerns them in the furtherance of their duties.

Board and Committees
The Board has established three committees:

- the Audit and Risk Committee;
- the Management Engagement Committee, and
- the Remuneration and Nomination Committee.

The responsibilities of these Committees are described below. Each Committee reports to and is subject to the oversight of the Board. Terms of reference for each Committee have been approved by the Board and are available in full on the website.

CORPORATE GOVERNANCE REPORT (CONTINUED)

Board and Committees (Continued)

Board

Responsibilities:
- Statutory obligations and public disclosure.
- Approval of key investment decisions.
- Strategic matters and financial reporting.
- Board composition and accountability to shareholders.
- Risk assessment and management, including reporting, compliance, monitoring, governance and control.
- Responsible for consolidated financial statements.
- Other matters having material effects on the Group.

Audit and Risk Committee

Delegated Responsibilities:
- Review the consolidated financial statements, including review of the accounting policies and methods utilised.
- Review the effectiveness and internal control policies and procedures over financial reporting and identification, assessment and reporting of risk.
- Make recommendations to the Board in relation to appointment, re-appointment and removal of external auditors, approving remuneration and terms of engagement of external auditors and assess the effectiveness of the audit process.
- To monitor risk management and internal control systems on an ongoing basis, performing a review of their effectiveness, and recommending actions to remedy any failings or weaknesses identified.

Management Engagement Committee

Delegated Responsibilities:
- Review on a regular basis the performance of the Group's key advisers and major service suppliers (other than the external auditor) to ensure that performance is satisfactory and in accordance with the terms and conditions of the respective appointments.

Remuneration and Nomination Committee

Delegated Responsibilities:
- Review the structure, size and composition of the Board.
- Give full consideration to succession planning
- Identify suitable Board candidates to fill Board vacancies.
- Undertake performance evaluations of the Board and the Chairman.
- Determine the framework and policy for the level of remuneration of the Chairman and Directors

CORPORATE GOVERNANCE REPORT (CONTINUED)

Board and Committees (Continued)
Due to the size and nature of the Company, as at 30 June 2022, all Directors have been appointed to all Committees.

Audit and Risk Committee
Brendan Hawthorne is Chairman of the Audit and Risk Committee. The Board is satisfied that Mr Hawthorne has recent and relevant financial experience, as required under the UK Code. The qualifications of the members of the Audit and Risk Committee are outlined in the Directors' Biographies section. The duties of the Audit and Risk Committee in discharging its responsibilities are outlined in the chart on page 41. The report on the role and activities of the Audit and Risk Committee and its relationship with the external auditors is contained in the Audit and Risk Committee Report.

Management Engagement Committee
Brett Miller is Chairman of the Management Engagement Committee. The duties of the Management Engagement Committee in discharging its responsibilities are outlined in the chart on page 41.

The Management Engagement Committee carries out its review of the Group's key advisers and service providers through consideration of a number of objective and subjective criteria and through a review of the terms and conditions of their appointments with the aim of evaluating performance, identifying any weaknesses and ensuring value for money for the Company's shareholders.

The Management Engagement Committee reviewed the performance of its key service providers on 20 May 2022. During this review, no material weaknesses were identified. Overall, the Management Engagement Committee confirmed its satisfaction with the services and advice received.

Remuneration and Nomination Committee
David Copperwaite is Chairman of the Remuneration and Nomination Committee. The duties of the Remuneration and Nomination Committee in discharging its responsibilities are outlined in the chart on page 41.

The Remuneration and Nomination Committee undertakes an annual internal evaluation of the Board and its committees. The performance of each Director is considered as part of a formal review by the Remuneration and Nomination Committee. The Remuneration and Nomination Committee may also meet without the Chairman of the Board present in order to review his performance.

Performance Evaluation
The performance of the Board and the Directors was reviewed by the Remuneration and Nomination Committee on 20 May 2022.

The Committee discussed various areas, including the process and style of meetings, investment matters, strategy, governance and shareholder value. It was concluded that the Board have a good and complementary range of skills, competency and that Board meetings were effective, and all relevant topics were fully discussed. The Directors confirm that they have devoted sufficient time, as considered necessary, to the matters of the Company. All Directors felt well prepared and able to participate fully at Board meetings and had a good understanding of the investments and markets in which the Company operates.

As a result of the performance evaluation, the Committee was able to recommend to the Board each director for re-election to the Board at the forthcoming AGM.

CORPORATE GOVERNANCE REPORT (CONTINUED)

Directors' Remuneration Report
The following report meets the relevant Listing Rules of the FCA and the UK Code and describes how the Board has applied the principles relating to Directors' remuneration.

Annual Report on Remuneration
The Group paid the following fees to the Directors for the year ended 30 June 2022:

Director	**£**
Brett Miller	87,500
David Copperwaite	117,500
Brendan Hawthorne	90,000
Total Director fees	**295,000**
Extra services provided by the Directors and bonus payments	
Brett Miller – consultancy fees	300,000
Brett Miller - bonus payment	188,000
David Copperwaite - bonus payment	46,000
Brendan Hawthorne - bonus payment	46,000
Total amount paid to Directors including extra services and bonus payments	**875,000**

Brett Miller was entitled to a fee of £70,000 per annum, he also received an additional £5,000 per annum as Chairman of the Management Engagement Committee and £12,500 per annum as a Director of the Company's five Guernsey subsidiaries. He also received a consultancy fee of £25,000 per month, payable monthly in arrears, for his additional duties assigned by the Board.

David Copperwaite was entitled to a fee of £70,000 per annum, he also received an additional £5,000 per annum as Chairman of the Remuneration and Nomination Committee and £12,500 per annum as a Director of the Company's five Guernsey subsidiaries.

Effective 1 December 2021, David Copperwaite's annual fee increased by £30,000 per annum, as he was appointed as the independent Director in regard to the Incentive Plan and will not be eligible to benefit from the Incentive Plan. Refer to note 3 for further information.

Brendan Hawthorne is entitled to a fee of £80,000 per annum as Chairman of the Board and an additional £10,000 per annum as Chairman of the Audit and Risk Committee.

The Company's Articles limit the aggregation of fees payable to the Directors to a total of £300,000 per annum. Extra services are not included in the definition of fees as per the Company's Articles.

Bonus payments
Refer to the Strategic Report for details on the bonus payments.

During the year, a £140,000 bonus was paid to the Directors, with an accrual payable of £140,000 as at 30 June 2022. £140,000 was paid to the Directors post year end, refer to note 18 for further information.

Other than as shown above, no other remuneration or compensation was paid or payable by the Company during the year to any of the Directors.

CORPORATE GOVERNANCE REPORT (CONTINUED)

Directors' Appointment, Retirement and Policy on Payment of Loss of Office
The Articles of the Company require that all Directors submit themselves for election by shareholders at the first opportunity following their appointment. The Directors have elected to agency for re-election on a yearly basis, so will all retire at each AGM and be eligible for reappointment.

Any Director may resign in writing to the Board at any time. Directors are not entitled to payment for loss of office.

No Director has a service contract with the Company. Directors have agreed letters of appointment with the Company, copies of which are available for review by shareholders at the registered office and will be available at the AGM. The dates of their letters of appointment and where applicable the date of their resignation, are shown below:

Director	Date Appointed	Date Resigned
Brett Miller	16 September 2020	-
David Copperwaite	31 December 2020	-
Brendan Hawthorne	24 February 2021	-

Tenure of Non-Executive Directors
The Board has adopted a policy on tenure that is considered appropriate for an investment company.

The Board's tenure and succession policy seeks to ensure that the Board is well balanced and will be refreshed from time to time by the appointment of new Directors with the skills and experience necessary to replace those lost by Directors' retirements and meet future requirements. Directors must be able to demonstrate their commitment and fiduciary responsibility to the Company. The Board seeks to encompass relevant past and current experience of various areas relevant to the Company's business.

The current composition of the Board reflects the wind down nature of the business and the skills that are needed to manage that ongoing process.

Conflict of Interests
The Directors have a duty to avoid situations where they have, or could have, a direct or indirect interest that conflicts, or possibly could conflict, with the Company's interests. Only Directors who have no material interest in the matter being considered will be able to participate in the Board approval process. Directors are required to disclose all actual and potential conflicts of interest to the Chairman in advance of any proposed external appointment.

In deciding whether to approve an individual Director's participation, the other Directors will act in a way they consider to be in good faith in assessing the materiality of the conflict in accordance with the Company's Articles of Incorporation.

The Board believes that its procedures regarding conflicts of interest have operated effectively. The Board also confirms that its procedure for the approval of conflicts of interest, if any, has been followed by the Directors. None of the Directors had a material interest in any contract, which is significant to the Group's business. Directors' holdings in the Company's shares can be found within the Directors' Report.

CORPORATE GOVERNANCE REPORT (CONTINUED)

Induction/Information and Professional Development
Directors are provided, on a regular basis, with key information on the Company's policies, regulatory requirements and its internal controls. Regulatory and legislative changes affecting Directors' responsibilities are advised to the Board as they arise along with changes to best practice from, amongst others, the Company Secretary and Deloitte. Advisers to the Group also prepare reports for the Board from time to time on relevant topics and issues.

The Directors attend relevant seminars and events to allow them to continually refresh their skills and knowledge and keep up with changes within the investment management industry.

When a new Director is appointed to the Board, they are provided with all relevant information regarding the Group and their duties and responsibilities as a Director.

Attendance at scheduled meetings of the Board and its committees for the year ended 30 June 2022

	Quarterly Board	Audit & Risk Committee	Remuneration & Nomination Committee	Management Engagement Committee
Number of meetings during the year	**4**	**4**	**2**	**1**
Brett Miller	4/4	4/4	2/2	1/1
David Copperwaite	4/4	4/4	2/2	1/1
Brendan Hawthorne	4/4	4/4	2/2	1/1

In addition to these meetings, there were 10 ad-hoc board and committee meetings held during the year covering various Group matters.

Relationship with the AIFM, Company Secretary, Administrator, Consultants and the Employee
The Board has delegated various duties to external parties, the custodial services (including the safeguarding of assets), the registration services and the day-to-day company secretarial, administration and accounting services. Each of these contracts were entered into after full and proper consideration by the Board of the quality and cost of services offered, including the control systems in operation in so far as they relate to the affairs of the Group.

The Board receives and considers reports regularly from the AIFM, with ad hoc reports and information supplied to the Board as required. The Board meets with the AIFM on an ad-hoc basis to discuss and approve investment decisions as necessary.

The Administrator and AIFM ensure that all Directors receive, in a timely manner, all relevant management, regulatory and financial information. Representatives of the Administrator and the AIFM attend each Board meeting as required, enabling the Directors to probe further on matters of concern. The Directors have access to the advice and service of the Company Secretary who is responsible to the Board for ensuring that Board procedures are followed and that applicable rules and regulations are complied with. The Board, the AIFM, the Consultants, the employee and the Administrator operate in a supportive, co-operative and open environment.

AIFMD
The Company is classed as an externally managed Alternative Investment Fund under the Alternative Investment Fund Managers Directive ("AIFMD").

CORPORATE GOVERNANCE REPORT (CONTINUED)

AIFM
The AIFM is responsible for managing the Company's investments and the risks it faces in accordance with AIFMD, subject to the overall scrutiny of the Board. Sanne has circa US$9 billion of assets under management with experience across all major asset classes, including credit, and provides services to multiple investment trust and investment company clients listed on the main market of the London Stock Exchange. The AIFM, is responsible to the Company for risk management and portfolio management and has delegated the provision of portfolio management services to the Board.

AIFM Remuneration
The fees associated with the appointment of the AIFM for the Company for the quarter ended 30 September 2021 were met by the Portfolio Manager. An Amended and Restated AIFM Agreement was entered into between the Company and Sanne, which was dated 6 December 2021 (the "AIFM Agreement"). As part of the AIFM Agreement, the Company is liable for the fees associated with the appointment of the AIFM.

For the period 1 October 2021 to 30 June 2022, fees due to the AIFM amounted to £85,393.

AUDIT AND RISK COMMITTEE REPORT

As at 30 June 2022, the Audit and Risk Committee comprised all of the Directors, each of whom has recent and relevant financial experience. Brendan Hawthorne is Chairman of the Audit and Risk Committee.

Committee Meetings
In the year ended 30 June 2022, the Audit and Risk Committee convened formally on four occasions. The members' attendance record can be found on page 45.

The Audit and Risk Committee usually meets at least three times a year. Only members of the Audit and Risk Committee have the right to attend Audit and Risk Committee meetings. Representatives of the AIFM and the Administrator are invited to attend Audit and Risk Committee meetings on a regular basis and other non-members, including the Consultants and the Company's employee, may be invited to attend all or part of the meeting as and when appropriate and necessary. The auditor is also invited whenever it is appropriate. The Audit and Risk Committee is also able to meet separately with the auditor without the others being present.

Main Activities
The Audit and Risk Committee assists the Board in carrying out its overall responsibility in relation to financial reporting requirements, risk management and the assessment of internal financial and operating controls. It also manages the Group's relationship with the auditor. Meetings of the Committee generally take place prior to a Company Board meeting. The Audit and Risk Committee reports to the Board as part of a separate agenda item, on the activity of the Audit and Risk Committee and matters of particular relevance to the Board in the conduct of their work.

The Audit and Risk Committee reviews and monitors reports on the internal control and risk management systems on which the Company is reliant.

Financial Reporting
The primary role of the Audit and Risk Committee in relation to financial reporting is to review in conjunction with the AIFM and the Administrator, together with any required input from the Consultants and the Company's employee, the appropriateness of the Annual Report and Audited Consolidated Financial Statements and the Interim Report and Consolidated Financial Statements concentrating on, amongst other matters:

- the quality and acceptability of accounting policies and practices;
- the clarity of the disclosures and compliance with financial reporting standards and relevant financial and governance reporting requirements;
- material areas in which significant judgements have been applied or there has been discussion with the auditor;
- in relation to the UK Corporate Governance Code, whether the Annual Report and Audited Consolidated Financial Statements, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's performance, business model and strategy; and
- any correspondence from regulators in relation to the quality of the Group's financial reporting.

To aid its review, the Audit and Risk Committee seeks the appropriate input from the AIFM and the Administrator, together with any required input from the Consultants and the Company's employee, and also reports from the auditor.

These Audited Consolidated Financial Statements have been prepared on a basis other than going concern as the Company is in managed wind down.

AUDIT AND RISK COMMITTEE REPORT (CONTINUED)

Significant Risks
For the year ended 30 June 2022, the following significant issues were considered by the Audit and Risk Committee:

(i) Revenue Recognition
The risk that revenue (classified as 'income' in the Audited Consolidated Financial Statements and primarily comprising interest income or finance charges receivable under loans, leases and hire purchase agreements) may be materially misstated.

The Committee has reviewed and is satisfied that a robust transaction reporting system is in place between the AIFM and Administrator to ensure that transactions and the revenue received are reflected correctly.

(ii) Investment Portfolio
The investment portfolio primarily comprises loans, hire purchase contracts and finance leases.

As the Company is in managed wind down, the business model is to actively realise assets in line with the investment policy. The measurement basis of the portfolio is fair value.

The valuation of the debt portfolio reflects the fair value together with the expected future cash flows after being discounted back to the reporting date using the market yield to maturity as a discount rate, which represents the required rate of return for a similar instrument.

Where a valuation model is utilised, such a model relies upon on a number of inputs, such as underlying assumptions and estimates, and inherent within any such matter of judgement is the risk that the eventual outcome will differ from that contained within these Audited Consolidated Financial Statements.

The Audit and Risk Committee reviews the valuation of the investments and the NAV of the Group on a regular basis.

(iii) Fraud Risk
The risk of fraud due to management override of controls.

The Audit and Risk Committee also reviews the reports from the Administrator on the system of checks in place to combat fraud.

Risk Management and Internal Controls
The Board is responsible for ensuring that suitable systems of risk management and internal control are implemented by third-party service providers and have carried out a robust assessment as outlined below.

The Directors have reviewed BNP Paribas Securities Services' ISAE 3402 report (report on the description of controls placed in operation, their design and operating effectiveness for the period from 1 April 2021 to 31 March 2022) on Fund Administration and are pleased to note that no significant issues were identified.

The Company continues to review and develop a comprehensive risk management framework, with implementation outsourced to the AIFM, with a risk register that is reviewed and updated as necessary by the Board and Audit and Risk Committee. The Audit and Risk Committee considers the risks facing the Group and the controls and other measures in place to mitigate the impact of those risks.

The work of the Audit and Risk Committee is primarily driven by the Company's assessment of the principal risks and uncertainties as set out in the Strategic Report and in note 17, the reports received from the AIFM, and the Company's risk evaluation process.

AUDIT AND RISK COMMITTEE REPORT (CONTINUED)

Risk Framework and Systems of Internal Control
The Board recognises the importance of identifying, actively monitoring and, where possible, mitigating the financial and non-financial risks facing the business. Whilst responsibility for risk management rests with the Board, the management of risk is embedded as part of the everyday business and culture of the Company and its principal advisers.

The Board has considered the need for an internal audit function but because of the internal controls systems in place at the key service providers and the independent controls process performed, it has decided instead to place reliance on those controls and assurance processes.

Risk Identification
The Board, Audit, and Risk Committee identify risks with input from the AIFM and the Administrator. The Board also receives detailed quarterly asset management reports highlighting performance and potential risk issues on an investment-by-investment basis.

Risk Assessment
Each identified risk is assessed in terms of probability of occurrence, potential impact on financial performance and movements in the relative significance of each risk from period to period.

Action Plans to Mitigate Risk
Where new risks are identified or existing risks increase in terms of likelihood or impact, the Audit and Risk Committee assists the Group in developing, where possible, an action plan to mitigate the risk and put in place enhanced monitoring and reporting.

Re-assessment and Reporting of Risk
Such risk mitigation plans are reassessed by the Audit and Risk Committee with the relevant key service providers where applicable, and reported to the Board on a quarterly basis. The direct communication between the Group and the AIFM is regarded as a key element in the effective management of risk (and performance) at the underlying investment level.

Emerging Risks
Refer to the Emerging Risks section on page 21 for details on emerging risks.

External Audit
The effectiveness of the external audit process is dependent on appropriate audit risk identification at the start of the audit cycle. The Audit and Risk Committee received a detailed audit plan from the auditor identifying its assessment of the significant audit risks. For the year ended 30 June 2022, the significant audit risks identified are shown on page 48. The significant risks were tracked through the year, the Audit and Risk Committee challenged the work performed by the auditor to test management override of controls, and in addition the audit work undertaken in respect of valuations of unlisted investments.

The Audit and Risk Committee assesses the effectiveness of the audit process in addressing these matters through the reporting received from the Auditor in relation to the year-end. In addition, the Audit and Risk Committee seeks feedback from the AIFM and the Administrator on the effectiveness of the audit process. For the year ended 30 June 2022, the Audit and Risk Committee was satisfied that there had been appropriate focus, challenge on the significant and other key areas of audit risk, and assessed the quality of the audit process to be good.

Appointment and Independence
In its assessment of the independence of the auditor, the Audit and Risk Committee receives details of any relationships between the Group and the auditor that may have a bearing on their independence and receives confirmation that they are independent of the Group.

AUDIT AND RISK COMMITTEE REPORT (CONTINUED)

Appointment and Independence (Continued)
Deloitte LLP was appointed as the external auditor of the Company at the AGM held on 21 November 2019. The Audit and Risk Committee considers the reappointment of the auditor, including the rotation of the audit engagement partner, and assesses their independence on an annual basis. The auditor is required to consider rotation of the engagement partner responsible for the audit every five years. This is the third year that the current audit engagement partner, David Becker, has overseen the audit of the Company.

Audit Tender
The Audit and Risk Committee reviews the objectivity and effectiveness of the audit process on an annual basis and considers the audit tendering provisions of the UK Code in determining whether the Company should put the audit engagement out to tender. There are no contractual obligations restricting the Committee's choice of external auditor and the external auditor is not indemnified by the Group.

Non-Audit Services
To safeguard the objectivity and independence of the auditor from becoming compromised, the Committee has a formal policy governing the engagement of the auditor to provide non-audit services. The auditor and the Directors have agreed that all non-audit services require the pre-approval of the Audit and Risk Committee prior to commencing any work. The auditor will only be appointed to provide non-audit services if it is in the best interests of the Company without compromising the related independence requirements. Fees for non-audit services will be tabled annually so that the Audit and Risk Committee can consider the impact on the auditor's objectivity.

Deloitte LLP is remunerated as follows for their services rendered during the year ended 30 June 2022:

	£
Audit of the Group's Consolidated Financial Statements	126,790
Total audit fee	**126,790**

No non-audit services were provided by Deloitte LLP during the year ended 30 June 2022.

Brendan Hawthorne
Chairman of the Audit and Risk Committee
29 September 2022

Statement of Compliance with the UK Code of Corporate Governance

The Directors place a large degree of importance on ensuring that high standards of corporate governance are maintained and have therefore chosen to comply with the provisions of the UK Code.

The Board has considered the principles and provisions of the UK Code.
The Board considers that reporting against the principles and provisions of the UK Code provides information that is more relevant to stakeholders. The UK Code is available on the FRC website www.frc.org.uk.

The Company has complied with all the principles and provisions of the UK Code during the year ended 30 June 2022 except as set out below, further details can be found in the Corporate Governance Report on page 39:

- Appointment of a Senior Independent Director (provision 12).
- Chairman is chairman of the Audit and Risk Committee (provision 24).
- Going concern basis for accounting (provision 30).

Set out below is where stakeholders can find further information within the Annual Report about how the Company has complied with the various principles and provisions of the UK Code.

1. Board Leadership and Company Purpose	
Purpose as at 30 June 2022	On page 17
Future strategy	On page 25
Culture of the Company	On page 25
Stakeholder Engagement	Section 172 statement on pages 22 and 23
2. Division of responsibilities	
Director Independence	On page 40
Board meetings	Board and Committee Meetings with Director Attendance on page 45
Management Engagement Committee	On page 42

3. Composition, Succession and Evaluation	
Remuneration and Nomination Committee	On page 42
Director re-election	On page 44
Board evaluation	On page 42
4. Audit, Risk and Internal Control	
Audit and Risk Committee	On page 42
Principal and emerging risks	On pages 19 to 21
Risk management and internal control systems	On page 48 to 49
Going concern statement	On page 21
Viability statement	On page 21
5. Remuneration	
Directors' Remuneration Report on page 43	

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SLF REALISATION FUND LIMITED

1. Opinion

In our opinion the financial statements of SLF Realisation Fund Limited (the 'company') and its subsidiaries (the 'group'):

- give a true and fair view of the state of the group's affairs as at 30 June 2022 and of the group's profit for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies (Guernsey) Law, 2008.

We have audited the financial statements which comprise:

- the consolidated statement of comprehensive income;
- the consolidated statement of financial position;
- the consolidated statement of changes in equity;
- the consolidated statement of cash flows; and
- the related notes 1 to 19.

The financial reporting framework that has been applied in their preparation is applicable law and IFRSs as adopted by the European Union.

2. Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) 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 group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We confirm that we have not provided any non-audit services prohibited by the FRC's Ethical Standard to the group or the company.

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

3. Emphasis of matter – Consolidated financial statements prepared other than on a going concern basis

We draw attention to note 2.1 (b) in the consolidated financial statements, which indicates that the financial statements have been prepared on a basis other than that of a going concern. Our opinion is not modified in respect of this matter.

4. Summary of our audit approach

Key audit matters	The key audit matter that we identified in the current year was: • Valuation of the debt portfolio
Materiality	The materiality that we used for the group financial statements in the current year was £1.79m which was determined on the basis of 2% of the net asset value.
Scoping	Audit work to respond to the risks of material misstatement was performed directly by the group audit engagement team.
Significant changes in our approach	There have been no significant changes in our approach from the prior year.

5. Key audit matters

Key audit matters are those matters that, in our professional judgement, 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. These matters included 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.

5.1. Valuation of the debt portfolio

Key audit matter description	The group's principal business used to be to make debt investments, directly or indirectly, in business-essential, revenue-producing (or cost saving) equipment and other physical assets. Due to the wind down process, the business changed to realise all remaining assets in the portfolio and to return cash to shareholders in an orderly manner. As at 30 June 2022, the aggregate value of the debt portfolio amounted to £72.1 million (2021: £148.76 million) representing 80% of total assets (2021: 84%). The decrease in the balance is mainly due to the disposal of investments during the year. The debt portfolio is measured at fair value post the change in the company's business model which was approved on 16 July 2020 by the 2016 C shareholders and on 4 December 2020 by the ordinary shareholders. Management applied a discounted cash flow approach in determining the fair value of the debt portfolio by forecasting future cash flows expected to be generated from each investment discounted back to the reporting date using a discount rate reflective of the market yield of a similar investment. As part of our assessment, we observed the calculation of fair values for individual loans requires management to make significant estimates, in particular, the determination of estimated future cash flows. This includes the timing of collection, the valuation of underlying collateral including costs of realisation, as well as market yields to maturity; all estimates that are particularly uncertain given the volatile market conditions. We pinpointed the key audit matter to the valuation and accuracy of forecast cash flows within the loans valuations as these represent the most sensitive input to the valuations. This includes assumptions relating to the quantum, timing and the cost to collect these cash

	flows. There is the risk that any material movement on the future cash flows could have a significant impact on the fair value assumptions applied. Judgements over each investment's exit strategy, which impact fair value estimates could significantly affect key performance indicators. This matter is explained further in the audit and risk committee report at page 48. Note 2.1 (f) and note 2.3 set out the associated accounting policy and disclosure in respect of critical judgements and key sources of estimation uncertainty, note 9 set out the composition of the debt portfolio, with note 17 setting out details of the associated risk factors, including credit risk and price risk.
How the scope of our audit responded to the key audit matter	We have: • Obtained an understanding of the relevant controls related to the debt portfolio valuation process; • Assessed the group's accounting policy with IFRS requirements by involving industry specialists and obtained an understanding of the fair value methodology used by management; • Challenged the accuracy of the forecast cash flows, including consideration of the impact of Covid-19 and the Ukraine conflict, as well as the timing of those cash flows, by obtaining supporting documentation for the accuracy of these forecasts; • Challenged whether the assigned forecast cash flows for the underlying collateral are considered appropriate and support fair values, including challenge of assumptions relating to the required time and costs to realise the collateral. This is done by obtaining supporting documentation to the valuation of the underlying collateral which have been assessed for credibility; • On a sample basis, recalculated the fair value independently based on available data; • Assessed bias on timing and value of cash flows assumptions by performing back testing via comparing proceeds received from investments repayment, both during the year and subsequent to 30 June 2022, against their fair value prior to realisation; and • Evaluated the appropriateness of disclosures made in the financial statements in light of relevant IFRS requirements.
Key observations	Based on our audit work, we are satisfied that the valuation of the debt portfolio is appropriate and therefore the debt portfolio is appropriately stated.

6. Our application of materiality

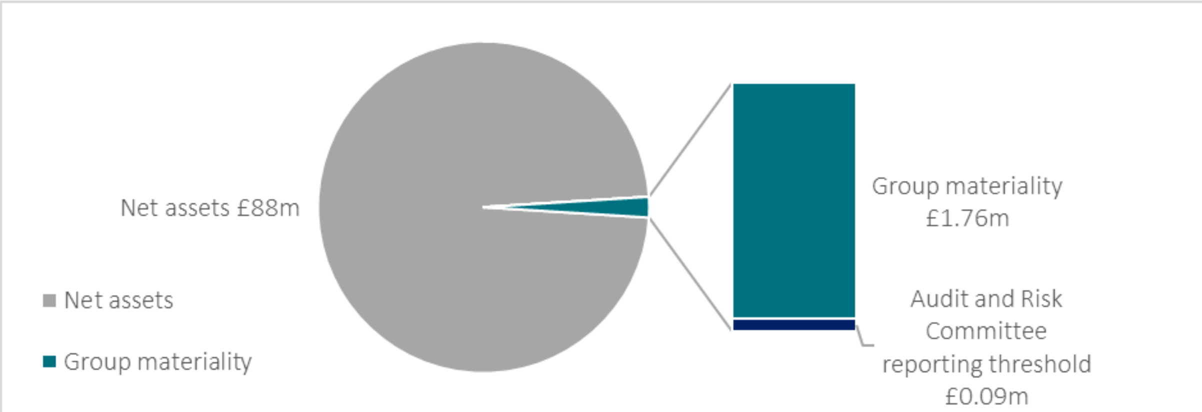
6.1. Materiality

We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality both in planning the scope of our audit work and in evaluating the results of our work.

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

Group Materiality	£1.79 million (2021: £3.59 million).

Basis for determining materiality	2% of net asset value (2021: 2% of the net asset value).
Rationale for the benchmark applied	We believe net asset value is the most appropriate benchmark as it is considered to be a principal consideration for shareholders of the group in assessing financial performance. Furthermore, given the group is in a managed wind down, the residual assets are the key focus of the shareholders. The decrease in the group materiality between the current year and the prior year is due to the decrease in net asset value which was mainly due to capital distributions following the realisation of debt investments.



6.2. Performance materiality

We set performance materiality at a level lower than materiality to reduce the probability that, in aggregate, uncorrected and undetected misstatements exceed the materiality for the financial statements as a whole. Group performance materiality was set at 70% of group materiality for the 2022 audit (2021: 70% of the group materiality). In determining performance materiality, we considered the following factors:

- Our risk assessment, including our assessment of the group's overall control environment and that we consider it appropriate to rely on controls on the revenue recognition process; and
- Our past experience of the audit and developments in the control environment from prior year.

6.3. Error reporting threshold

We agreed with the Audit and Risk Committee that we would report to the Committee all audit differences in excess of £88,000 (2021: £180,000), as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report to the Audit and Risk Committee on disclosure matters that we identified when assessing the overall presentation of the financial statements.

7. An overview of the scope of our audit

7.1. Identification and scoping

Our audit was scoped by obtaining an understanding of the group and its environment, including internal control, and assessing the risks of material misstatement for the company and its subsidiaries. Audit work to respond to the risks of material misstatement was performed directly by the group audit engagement team.

7.2. Our consideration of the control environment

In assessing the control environment, we also considered the control environments of the key service providers, including the administrators of the group, to whom the board have delegated certain functions for the company and its subsidiary entities. We adopted a control reliance approach in respect of revenue recognition controls by testing the relevant controls performed by the service providers.

7.3. Our consideration of climate related risks

As part of our audit we made enquiries of management to understand the process they have adopted to assess the potential impact of climate change on the financial statements. Management considers that the impact of climate change does not give rise to a material financial statement impact as described on page 25. We used our knowledge of the group to evaluate management's assessment. We particularly considered how climate change risks could impact the assumptions considered in the valuation of the debt portfolio. We also read the Annual Report to consider whether the disclosures in relation to climate change made in the other information within the Annual Report are materially consistent with the consolidated financial statements and our knowledge obtained in our audit.

8. Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and 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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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.

9. Responsibilities of directors

As explained more fully in the statement of directors' responsibilities, 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 the directors 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 group's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or to cease operations, or have no realistic alternative but to do so.

10. 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 (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 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 FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

11. Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

11.1. Identifying and assessing potential risks related to irregularities

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, we considered the following:

- the nature of the industry and sector, control environment and business performance including the design of the group's remuneration policies, key drivers for directors' remuneration, bonus levels and performance targets;
- results of our enquiries of management and the audit and risk committee about their own identification and assessment of the risks of irregularities;
- any matters we identified having obtained and reviewed the group's documentation of their policies and procedures relating to:
  - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
  - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud;
  - the internal controls established to mitigate risks of fraud or non-compliance with laws and regulations;
- the matters discussed among the audit engagement team and relevant internal specialists, including tax and valuations specialists regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, we considered the opportunities and incentives that may exist within the organisation for fraud and identified the greatest potential for fraud in the following areas:

- Valuation of the debt portfolio which is mentioned under section 5 of this report.
- Revenue recognition: The portfolios' expected realisation or maturity profile and expected cash flows are key inputs in arriving at the effective interest rate used to recognise finance income over the expected life of the portfolio, and these judgements may have a significant impact on the level of finance income recorded during the relevant period.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override.

We also obtained an understanding of the legal and regulatory frameworks that the group operates in, focusing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the financial statements. The key laws and regulations we considered in this context included the Listing Rules and the Companies (Guernsey) Law, 2008.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which may be fundamental to the group's ability to operate or to avoid a material penalty.

11.2. Audit response to risks identified

As a result of performing the above, we identified valuation of the debt portfolio as a key audit matter related to the potential risk of fraud. The key audit matters section of our report explains the matter in more detail and also describes the specific procedures we performed in response to that key audit matter. In addition to above, our procedures to respond to risks identified included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- enquiring of management and the audit and risk committee concerning actual and potential litigation and claims;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- reading minutes of meetings of those charged with governance and reviewing correspondence with regulators; and
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.
- in addressing the risk of fraud on revenue recognition, obtained an understanding of the relevant control enviornment and tested the relevant controls in relation to the finance income recognition. Furthermore, we recalculated the finance income independently using the effective interest rate method in accordance with IFRS 9 requirements.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members including internal specialists, and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Report on other legal and regulatory requirements

12. Corporate Governance Statement

The Listing Rules require us to review the directors' statement in relation to going concern, longer-term viability and that part of the Corporate Governance Statement relating to the group's compliance with the provisions of the UK Corporate Governance Code specified for our review.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the Corporate Governance Statement is materially consistent with the financial statements and our knowledge obtained during the audit:

- the directors' statement with regards to the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified set out on page 21;
- the directors' explanation as to its assessment of the group's prospects, the period this assessment covers and why the period is appropriate set out on page 21;
- the directors' statement on fair, balanced and understandable set out on page 37;
- the board's confirmation that it has carried out a robust assessment of the emerging and principal risks set out on page 21;
- the section of the annual report that describes the review of effectiveness of risk management and internal control systems set out on page 48; and
- the section describing the work of the audit and risk committee set out on page 47.

13. Matters on which we are required to report by exception

13.1. Adequacy of explanations received and accounting records

Under the Companies (Guernsey) Law, 2008 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- proper accounting records have not been kept by the company; or
- the financial statements are not in agreement with the accounting records.

We have nothing to report in respect of these matters.

14. Other matters which we are required to address

14.1. Auditor tenure

Following the recommendation of the Audit and Risk Committee, we were appointed by the board of directors on 17 September 2019 to audit the financial statements for the year ending 30 June 2020 and subsequent financial periods. The period of total uninterrupted engagement including previous renewals and reappointments of the firm is 3 years, covering the years ending 30 June 2020 to 30 June 2022.

14.2. Consistency of the audit report with the additional report to the Audit and Risk Committee

Our audit opinion is consistent with the additional report to the Audit and Risk Committee we are required to provide in accordance with ISAs (UK).

15. Use of our report

This report is made solely to the company's members, as a body, in accordance with Section 262 of the Companies (Guernsey) Law, 2008. 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.

As required by the Financial Conduct Authority (FCA) Disclosure Guidance and Transparency Rule (DTR) 4.1.14R, these consolidated financial statements form part of the European Single Electronic Format (ESEF) prepared Annual Financial Report filed on the National Storage Mechanism of the UK FCA in accordance with the ESEF Regulatory Technical Standard (('ESEF RTS'). This auditor's report provides no assurance over whether the annual financial report has been prepared using the single electronic format specified in the ESEF RTS.

David Becker (Senior Statutory Auditor)
For and on behalf of Deloitte LLP
Recognised Auditor
Guernsey, Channel Islands
29 September 2022

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 June 2022

	Notes	Year ended 30 June 2022 £	Year ended 30 June 2021 £
Income			
Finance income		9,435,954	20,431,391
Other income		252,664	637,249
Total income	2.6	**9,688,618**	**21,068,640**
Net unrealised gain on reclassification of financial assets from amortised cost to fair value through profit or loss		-	2,987,406
Net movement on investments	9.3	(3,830,533)	(24,160,057)
Foreign exchange gain/(loss) on other monetary items	2.2	789,257	(89,510)
Net realised and unrealised loss		**(3,041,276)**	**(21,262,161)**
Expenses			
Investment management fees	3(a)	(1,736,229)	(1,978,999)
Directors' fees	3	(862,606)	(496,465)
Other operating expenses	4	(2,979,702)	(2,362,775)
Incentive plan expense	3	(2,266,001)	-
Impairment release	8	-	1,101,100
Expected credit loss provision	9.1	-	18,987,050
Total operating (expense)/income		**(7,844,538)**	**15,249,911**
(Loss)/profit before tax		**(1,197,196)**	**15,056,390**
Taxation	2.10	-	-
(Loss)/profit after tax		**(1,197,196)**	**15,056,390**
Total comprehensive (loss)/income for the year analysed as follows:			
Attributable to Ordinary shareholders		(2,615,318)	1,803,783
Attributable to 2016 C shareholders		1,418,122	13,252,607
Total comprehensive (loss)/income for the year		**(1,197,196)**	**15,056,390**
Basic and diluted (loss)/income per Ordinary Share	5	(0.73)p	0.51p
Basic and diluted income per 2016 C Share	5	1.02p	9.54p

The year ended 30 June 2022 has been presented on a basis other than going concern. No operations were acquired or discontinued during the year.

The Group has no items of other comprehensive income, and therefore the loss for the year is also the total comprehensive loss.

The accompanying notes form an integral part of these Audited Consolidated Financial Statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2022

	Notes	30 June 2022 £	30 June 2021 £
Current assets			
Residual value of finance lease investments	2.4,9.1	111,979	101,859
Property, plant and equipment	8	-	2,068,609
Investments designated at fair value through profit or loss	9.1,9.2	72,108,608	148,763,747
Cash and cash equivalents	2.9	18,674,833	25,350,943
Other receivables and prepayments	10	62,595	414,448
Investment receivable	10	164,332	-
		91,122,347	176,699,606
Total assets		**91,122,347**	**176,699,606**
Current liabilities			
Other payables and accrued expenses	11	(688,355)	(508,192)
Incentive plan payable	3	(2,266,001)	-
		(2,954,356)	(508,192)
Net assets		**88,167,991**	**176,191,414**
Equity			
Share capital	13	339,445,912	426,272,139
Retained deficit		(251,277,921)	(250,080,725)
		88,167,991	**176,191,414**
NAV per Share			
- Ordinary Shares	6	17.44p	26.19p
- 2016 C Shares	6	18.79p	59.71p

These consolidated financial statements were approved and authorised for issue by the Board of Directors on 29 September 2022 and signed on its behalf by:

Brendan Hawthorne
Chairman

David Copperwaite
Director

The accompanying notes form an integral part of these Audited Consolidated Financial Statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2022

	Notes	Share Capital £	Retained Deficit £	Total £
As at 1 July 2021		**426,272,139**	**(250,080,725)**	**176,191,414**
Total comprehensive profit for the year		-	(1,197,196)	(1,197,196)
Transactions with shareholders				
Capital distributions	14	(86,826,227)	-	(86,826,227)
Total transactions with shareholders		(86,826,227)	**-**	(86,826,227)
As at 30 June 2022		**339,445,912**	**(251,277,921)**	**88,167,991**

For the year ended 30 June 2021

	Notes	Share Capital £	Retained Deficit £	Total £
As at 1 July 2020		**488,655,945**	**(265,137,115)**	**223,518,830**
Total comprehensive profit for the year		-	15,056,390	15,056,390
Transactions with shareholders				
Capital distributions	14	(62,383,806)	-	(62,383,806)
Total transactions with shareholders		**(62,383,806)**	**-**	**(62,383,806)**
As at 30 June 2021		**426,272,139**	**(250,080,725)**	**176,191,414**

The accompanying notes form an integral part of these Audited Consolidated Financial Statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 30 June 2022

	Notes	Year ended 30 June 2022	Year ended 30 June 2021
		£	£
Cash flow from operating activities:			
Total comprehensive (loss)/income for the year		(1,197,196)	15,056,390
Adjustments for:			
Finance income		(9,435,954)	(20,431,391)
Net unrealised gain on reclassification of financial assets from amortised cost to fair value through profit or loss		-	(2,987,406)
Net movement on investments		3,830,533	24,160,057
Foreign exchange (gain)/loss on other monetary items		(789,257)	89,510
Impairment	8	-	(1,101,100)
Incentive plan expense	3	2,266,001	-
Decrease in other receivables and prepayments		351,853	331,109
Increase in investment receivable		(164,332)	-
Increase in other payables and accrued expenses	11	180,163	47,843
Acquisition of investments	9	(100,000)	(9,497,433)
Amortisation of investment principal		-	11,995,506
Sale of investments designated at fair value through profit or loss	9.1	72,963,900	65,266,348
Disposal of PPE	8	2,019,195	-
Expected credit loss provision	9.1	-	(18,987,050)
Collective interest income received		9,435,954	14,883,970
Net cash movement in operating activities		**79,360,860**	**78,826,353**
Cash flow from financing activities			
Capital distributions	14	(86,826,227)	(62,383,806)
Net cash used in financing activities		**(86,826,227)**	**(62,383,806)**
Net movement in cash and cash equivalents		**(7,465,367)**	**16,442,547**
Cash and cash equivalents at start of the year		25,350,943	8,997,906
Effect of exchange rate changes on cash and cash equivalents		789,257	(89,510)
Cash and cash equivalents at end of the year		**18,674,833**	**25,350,943**

The accompanying notes form an integral part of these Audited Consolidated Financial Statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. General Information

The Company
The Company was incorporated on 28 May 2014 and registered in Guernsey as a Closed-ended Collective Investment Scheme. The Company's registered office is BNP Paribas House, St Julian's Avenue, St Peter Port, Guernsey, GY1 1WA. The Company's Ordinary Shares were admitted to the FCA's Official List and to trading on the Main Market of the London Stock Exchange on 14 July 2014.

The 2016 C Shares are listed separately on the Main Market of the London Stock Exchange and were admitted on 12 December 2016. The investments held by the 2016 C Shares are accounted for and managed as a separate pool of assets in accordance with the Company's investment policy. Shared expenses are split between Ordinary Shares and 2016 C Shares in proportion to their respective NAV.

On 1 December 2021, the name of the Company was changed from KKV Secured Loan Fund Limited to SLF Realisation Fund Limited.

During the year, as part of the managed wind down, the Company made a return of capital on four separate occasions, returning a total of £28,478,054 to Ordinary shareholders and £58,348,173 to 2016 C shareholders. Refer to note 14 for full details of the Company's return of capital and note 18 for return of capital made post year-end.

During the year, no Ordinary Shares or 2016 C Shares were repurchased during the years ended 30 June 2022 and 30 June 2021. On 1 September 2021, the 1,731,838 Ordinary Shares held in treasury were cancelled. Nil (30 June 2021: 1,731,838) Ordinary Shares and nil (30 June 2021: nil) 2016 C Shares are held in treasury.

Subsidiaries
The Company's subsidiaries, SLF (Guernsey) Limited, SLF (Amber) Limited, SLF (Bronze) Limited, SLF (Cobalt) Limited and SLF (Diamond) Limited (the "Subsidiaries") are wholly owned subsidiaries incorporated in Guernsey and established for the primary purpose of acting as investment holding companies (refer to note 2.1(e) for further details). The Subsidiaries' registered office is BNP Paribas House, St Julian's Avenue, St Peter Port, Guernsey, GY1 1WA.

The names of the Subsidiaries were changed on 2 December 2021 and were previously called KKV (Guernsey) Limited, KKV (Amber) Limited, KKV (Bronze) Limited, KKV (Cobalt) Limited and KKV (Diamond) Limited.

Effective 1 January 2022, the Company meets the definition of control under IFRS 10 – "Consolidated Financial Statements" in respect to its investment holding in SQN Asset Finance (Ireland) Designated Activity Company ("SQN Ireland"). As such, the results for SQN Ireland have been consolidated with the Group's Audited Consolidated Financial Statements from this effective date. The Board of SQN Ireland are employees of its administrator, Cafico International. Refer to Note2.1(f) for further information. The registered office for SQN Ireland is 2nd Floor Palmerston House, Fenian Street, Dublin 2. SQN Ireland is administered by Cafico International.

2. Accounting Policies

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2. Accounting Policies (Continued)

2.1 Basis of Preparation

(a) Statement of Compliance
The Audited Consolidated Financial Statements for the year ended 30 June 2022 have been prepared in accordance with IFRS as adopted by the European Union. They give a true and fair view of the Group's affairs and comply with the Company (Guernsey) Law 2008.

Standards and amendments to existing standards that became effective during the year are detailed below.

Interest Rate Benchmark Reform – Phase 2: Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16
The amendments to the above standards are effective for period beginning on or after 1 January 2021 and provide temporary reliefs, which address the financial reporting effects when an interbank offered rate is replaced with an alternative nearly risk-free interest rate. As the Company does not hold any instruments that reference interbank offered rates, these amendments had no impact on the Annual Report and Audited Consolidated Financial Statements.

During the year, a number of other amendments and interpretations became applicable for the current reporting period, which are not relevant to the Company's operations.

(b) Going Concern
As the Company is in managed wind down, these Audited Consolidated Financial Statements have been prepared on a basis other than going concern.

The Board are not aware of any additional impact on the Audited Consolidated Financial Statements in regard to the Company being in managed wind down. These Audited Consolidated Financial Statements do not include provisions for the wind down of the Company that have not been contractually committed. The Board expects the wind down of the Company to be within 18 to 24 months.

(c) Standards, amendments and interpretations issued but not yet effective
Detailed below are new standards, amendments and interpretations to existing standards that become effective in future accounting periods, which have not been early adopted by the Group:

	Effective for periods beginning on or after
IFRS 17 – Insurance contracts	1 January 2023 (effective 1 July 2023 for the Group)
IAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors - amendments regarding the definition of accounting estimates	1 January 2023 (effective 1 July 2023 for the Group)

The Board has undertaken an assessment of the impact of IFRS 17 on the Audited Consolidated Financial Statements and concluded that there will be no material impact as the Group does not have any insurance contracts.

The IAS 8 amendments introduce a new definition for accounting estimates: clarifying that they are monetary amounts in the financial statements that are subject to measurement uncertainty. The amendments also clarify the relationship between accounting policies and accounting estimates by specifying that a Company develops an accounting estimate to achieve the objective set out by an accounting policy. The definition of accounting policies remains unchanged. The Directors do not believe that the application of this amendment will have a material impact on the Audited Consolidated Financial Statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2. Accounting Policies (Continued)

2.1 Basis of Preparation (Continued)

(d) Functional and Presentation Currency
Items included in the Audited Consolidated Financial Statements are measured using Sterling as the currency of the primary economic environment in which the Group operates (the "Functional Currency"). The Audited Consolidated Financial Statements are presented in Sterling, which is the Group's presentation currency.

(e) Consolidation
In accordance with IFRS 10 - Consolidated Financial Statements ("IFRS 10"), if the Company meets the definition of an investment entity ("IE") it qualifies for a consolidation exemption. The relevant provisions for an IE under IFRS 10 are set out below:

IFRS 10.27 – An IE is an entity that:

a. obtains funds from one or more investors for the purpose of providing those investor(s) with investment management services;
b. commits to its investor(s) that its business purpose is to invest funds solely for returns from capital appreciation, investment income, or both; and
c. measures and evaluates the performance of substantially all of its investments on a fair value basis.

IFRS 10.28 – An entity shall consider whether it has the following characteristics of an IE:

a. it has more than one investment;
b. it has more than one investor;
c. it has investors that are not related parties of the entity; and
d. it has ownership interests in the form of equity or similar interests.

The Board considered all the above factors and noted that the Company does not provide investors with investment management services and that the Company's business model is no longer to invest but to realise remaining assets in the portfolio in a prudent manner to return cash to shareholders in an orderly manner. The Board have concluded that the Company does not meet the definition of an IE and does not qualify for the IFRS 10 consolidation exemption. The Subsidiaries and SQN Ireland have therefore been consolidated into these Audited Consolidated Financial Statements.

(f) Critical Accounting Judgements and Key Sources of Estimation Uncertainty
The preparation of the Audited Consolidated Financial Statements in accordance with IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and the reported amounts of assets and liabilities, income and expenses. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets and liabilities affected in future periods.

The estimates and associated assumptions are based on various factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2. Accounting Policies (Continued)

2.1 Basis of Preparation (Continued)

(f) Critical Accounting Judgements and Key Sources of Estimation Uncertainty (Continued)
Key Sources of Estimation Uncertainty

Fair value
For the fair value of all financial instruments held, the Company determines fair values using appropriate techniques.

Refer to note 2.3(c) and note 9.1 for further details on the significant estimates applied in the valuation of the Company's financial instruments measured at fair value. Refer to note 17.1 Credit Risk for sensitivity analysis.

As at 30 June 2022, the Group does not believe that dividend distributions paid to the Group by SQN Ireland are subject to withholding tax in the Republic of Ireland.

Refer to note 17.4 for Price Risk sensitivity analysis. The fair value of investments is monitored by the Board to ensure that judgements, estimates and assumptions made and methodologies applied are appropriate and in accordance with IFRS 9 and 13 respectively.

Critical Accounting Judgements

Consolidation of the Subsidiaries and SQN Ireland
The Subsidiaries and SQN Ireland are all entities (including special purpose entities) which the Company controls as it is exposed, or has rights, to variable returns from its involvement with the Subsidiaries and SQN Ireland and has the ability to affect those returns through its power over the Subsidiaries and SQN Ireland.

The Board has determined that due to the transfer of investment advisor responsibilities from the Portfolio Manager to the Board on 1 January 2022, the Group meets all three elements of control as prescribed by IFRS 10 – 'Consolidated Financial Statements' over SQN Ireland and therefore is required to consolidate SQN Ireland into these Audited Consolidated Financial Statements with effect from 1 January 2022.

In the prior year ended 30 June 2021, the investments held by SQN Ireland were disclosed in the Group's Audited Consolidated Financial Statements as part of the Group's investments held at FVTPL. For the year ended 30 June 2022, SQN Ireland has been consolidated into the Group's Audited Consolidated Financial Statements There is no significant impact on the results of the Group as the sole business of SQN Ireland is to hold investments for the Group as an SPV.

2.2 Foreign Currency Translation

Transactions in currencies other than the Functional Currency are recorded using the exchange rate prevailing at the transaction date. Foreign exchange gains and losses resulting from the settlement of such transactions and those from the translation at year-end exchange rates of monetary and non-monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss in the Consolidated Statement of Comprehensive Income.

Foreign operations translation
The trading results of Group undertakings in currencies other than the Functional Currency are recorded using the average exchange rates for the year. The assets and liabilities of overseas undertakings are translated at the exchange rates ruling at the year-end. Exchange gains and losses arising from the translation are recognised in profit or loss in the Consolidated Statement of Comprehensive Income.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2. Accounting Policies (Continued)

2.3 Financial Assets

(a) Classification and Measurement
Financial assets are classified into the following specified categories: financial assets at fair value through profit or loss and amortised cost.

Classification and measurement of financial assets depends on the results of the 'solely payments of principal and interest' and the business model test. The Group determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgement reflecting all relevant evidence including how the performance of the assets is evaluated and their performance measured, the risks that affect the performance of the assets and how these are managed and how the managers of the assets are compensated. Monitoring is part of the Group's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and so a prospective change to the classification of those assets.

With the Audited Consolidated Financial Statements being prepared on a basis other than going concern, IFRS 9 requires financial assets to be measured at fair value through profit or loss ("FVTPL").

The classification of financial assets and financial liabilities between non-current and current is based on the contractual maturity or in reference to investments, the earlier of the contractual maturity or realisation of the financial asset. There is no guarantee that financial assets classified as current will be repaid within the 12 months period post the date of the statement of financial position.

Financial assets designated at fair value through profit or loss at inception
Financial assets designated at fair value, can be designated at FVTPL or through other comprehensive income. The Group's fair value financial assets are designated at FVTPL at inception. These include lease participation, loans, construction finance, finance lease, hire purchase and equity holdings.

The Group's policy requires the AIFM and the Directors to evaluate the information about these financial assets on a fair value basis together with other related financial information. Changes in fair value of financial assets at FVTPL are recorded in profit or loss in the Consolidated Statement of Comprehensive Income.

As at 30 June 2022, loans and other investments, finance lease and hire purchase investments have been designated as financial assets designated at fair value through profit or loss.

Amortised cost
Cash and cash equivalents, investment receivables and other receivables are classified at amortised cost. These financial assets are initially recognised at fair value plus transaction costs and subsequently measured at amortised cost.

Income is recognised on an effective interest basis for debt instruments measured subsequently at amortised cost or FVTPL. Gains and losses are recognised in profit or loss in the Consolidated Statement of Comprehensive Income when they are derecognised or impaired, as well as through the amortisation process.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2. Accounting Policies (Continued)

2.3 Financial Assets (Continued)

(b) Recognition and De-Recognition
Financial assets are initially recognised on the trade date, when the Company becomes a party to the arrangement.

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all the risk and rewards of ownership of the financial asset are transferred, or it neither transfers nor retains substantially all the risk and rewards of ownership and does not retain control over the transferred asset.

Any interest in such derecognised financial assets that is created or retained by the Group is recognised as a separate asset or liability.

Financial assets are offset and the net amount presented in the Consolidated Statement of Financial Position when, and only when, the Group has a legal right to offset the amounts and intends either to settle them on a net basis or to realise the asset.

The Group derecognises a financial liability when its contractual obligations are discharged, cancelled or expired.

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

The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability is conducted in either:

• the principal market for the asset or liability; or
• in the absence of a principal market, the most advantageous market for the asset or liability.

The fair value of an asset or liability is measured using the assumption that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use capacity or by selling it to another market participant that would use the asset in its highest and best use capacity.

Fair value methodology
The Company typically invested in private debt financing in SME's and SPVs with loans and leases. These facilities are typically structured as loans or leases. The Company has also invested in equity participation in the form of warrants on some transactions to benefit from company growth or shareholders typically taken from restructuring events. The facilities are predominantly based in the UK, with some European and global exposures.

The fair value of financial assets designated at fair value through profit or loss is determined using the discounted cash flow method. The approach also takes into consideration of the impact of Covid-19 and the Ukraine conflict on valuations as applicable. The fair value methodology considers the following two key inputs:

1. The expected cash flows from the facility including any appropriate adjustment in timing to realise these cash flows.
2. Discount rate.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2. Accounting Policies (Continued)

2.3 Financial Assets (Continued)
(c) Fair Value Estimation (continued)

Overview
The Company designates each financial asset designated at fair value through profit or loss into a common risk category, which allows exposures to be categorised on a similar basis. Future cash flows are estimated and an appropriate discount rate is applied to determine the fair value.

Where an appropriate market comparable is available, the Company will apply such discount at that rate and for performing loans with no credit deterioration the Company will assume the rate at origination adjusted for the change in the risk free rate between the reporting date and the facility origination date and any appropriate macro-economic factors that impact the rate.

The Fair Value Discount Matrix, as outlined on page 71, is based on the Risk Grade and asset type, taking into consideration typical market rates for each allocated sector.
For some exposures, external asset values have been instructed to provide valuations using a fair value approach. Where external asset values were instructed due to expectation of enforcement, the Company has used these as the basis of the cash flows likely for the facility using the likely time to realise the assets. Where valuation ranges have been provided, the Company has assumed the mid-point, assuming all valuations have the same probability weighting.

A discounted cash flow model is then used as the basis for each valuation within the portfolio. The purpose of this model is to appropriately value the assets in a wind down scenario.

There are specified describing characteristics and attributes for each individual loan. Certain of those loan characteristics will be used to allocate the Risk Grade and the asset type.

Risk Grade
The approach for monitoring credit risk remained unchanged with the Risk Grades being maintained *(*as detailed in note 17.1).

The Risk Grade is assigned by the credit team based on embedded risks associated with the loan provided and therefore the probability of a default which allows for a nominal rating equivalent to be allocated. The credit team monitor incoming information on a monthly and quarterly basis adjusting the Risk Grade as appropriate, should credit risk change over time. Factors likely to influence a change in internal rating include changes in financial performance of position e.g. turnover and debt to EBITDA or a change in security quality e.g. LTV or recovery value. Other qualitative factors are also considered, which include key staff departures, strength of financial management and sector cyclicality.

Discount rate
To calculate the FV discount rate the Company considers the following waterfall:

1. A direct comparable from a market observable transaction interest rate where possible.
2. If performing position with no material credit change, the Company will adjust the rate by the change in the relevant risk-free rate and any appropriate macro-economic factors that impact the rate.
3. The corresponding rate from the FV Discount Matrix (as outlined below) based on generic funding rates for the various sectors.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2. Accounting Policies (Continued)

2.3 Financial Assets (Continued)
(c) Fair Value Estimation (continued)
Discount rate (continued)

When determining market observable rates, the Company will review recent transactions, where available; for performing debt, examine the relevant risk-free rate in the currency/jurisdiction of the facility against the relevant 5-year risk free rate; and review refinancing rates used in comparable transactions observed. Where the Company has identified a direct comparable market rate, this rate is used in preference to the matrix rates presented below.

Fair Value Discount Matrix

Risk Grade	**Realisable -** *Assets collectable and saleable within a 1-3 month window with a transparent marketplace*	**Fixed Asset -** *Assets movable and saleable within a 4-12 month window with some marketability*	**Project Finance -** *Fixed assets with limited resale opportunity*	**High Risk -** *Non-typical facility either no assets or limited enforcement opportunities*
	Discount rate (%)	**Discount rate (%)**	**Discount rate (%)**	**Discount rate (%)**
4	6.0%	7.0%	8.0%	n/a
5	7.0%	8.0%	9.0%	n/a
6	8.0%	10.0%	10.0%	n/a
7+	10.0%	12.0%	15.0%	20.0%
	E.g., Helicopter, Vessel etc.	E.g. Printing Press, removable machinery	E.g. Facility under construction	Non-typical facility – subordinated debt, insurance capital

Cash flow
The Company makes assumptions on the expected future cash flows, taking consideration of the expected time to realise these expected cash flows for each position as part of the valuation process.

Discounted projected cash flow models are carried out, adjusted for any likely delay in payment, based on credit reviews carried out (in line with Risk Grades) and probability based outcomes based on historic evidence and other market data inputs, as deemed applicable. Where more than one possibility is reasonably likely, the Company will assign probabilities to these outcomes to create a weighted average value.

Each quarter, expected projected cash flows are updated to take into consideration latest available information.

The fair value process is carried out on a quarterly basis to update the valuation of each position held, taking into consideration the Risk Grades, amortisation, time passed and changes in expected cash flow expectations, if any.

Refer to note 9.1 for further details on the significant estimates applied in the valuation of the Company’s financial instruments measured at fair value.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2. Accounting Policies (Continued)

2.4 Finance Lease and Hire Purchase Investments

The Group, as lessor, categorises finance leases and hire purchase investments as lease arrangements where the terms of the lease transfer substantially all risks and rewards of ownership to the lessee (in accordance with the requirements of IFRS 16 - Leases). Hire purchase investments include a purchase option exercisable by the lessee upon fulfilment of specified conditions. Under such arrangements, at the commencement of the lease term, the Group records finance lease and hire purchase investments in the Statement of Financial Position as a receivable, at an amount equal to the net investment in the lease.

The net investment in the lease is equal to the gross investment in the lease (minimum lease payments receivable by the Group under finance lease and hire purchase investments plus any unguaranteed residual value accruing to the Group) discounted by the interest rate implicit in the lease.

On subsequent measurement, the Group splits the minimum payments received under the lease between finance income and reduction of the lease receivable.

The Group applies the principles of IFRS 9 to lease receivables with respect to FVTPL.

Residual Value on Finance Leases
The unguaranteed residual value on finance leases is calculated by estimating the fair market value of the leased assets less the lease payments from the lessee.

Estimates of market value are based on a number of assumptions including, but not limited to, the in-place value of the equipment or assets to the end-user, the secondary market value of similar assets and equipment, the replacement cost of the asset or equipment including the cost of de-installation and re-delivery, and the Company’s and AIFM’s own assumptions based on historical experience.

2.5 Property, Plant and Equipment

Property, Plant and Equipment comprises operating leases, which the Group categorises as a lease arrangement in which a significant portion of the risks and rewards of ownership are retained by the lessor (in accordance with the requirements of IFRS 16 - Leases).

Property, Plant and Equipment was measured at net realisable value given that the Audited Consolidated Financial Statements were prepared on a basis other than going concern. Net realisable value represented the estimated selling price less all estimated costs of disposal. An impairment loss is recognised if the carrying amount of an asset exceeds its recoverable amount.

All Property, Plant and Equipment was sold during the year, refer to note 8 for further information.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2. Accounting Policies (Continued)

2.6 Income

Income is recognised to the extent that it is probable that economic benefits will flow to the Group and can be reliably measured.

For financial assets measured at FVTPL, interest income is recognised by applying the effective interest rate to the fair value.

For financial assets measured at amortised cost, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset.

2.7 Expenses

Expenses are recognised in profit or loss in the Consolidated Statement of Comprehensive Income on an accruals basis.

2.8 Dividends Payable

The Group pays dividends to shareholders subject to the solvency test prescribed by Guernsey Law. The Company recognises a liability for dividends payable after a dividend has been approved by the Directors and there is an obligation on the Company to make the payment.

2.9 Cash and Cash Equivalents

Cash and cash equivalents comprise cash at bank, and deposits held at call with banks. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value.

2.10 Taxation

Profits arising in the Company and the Subsidiaries are subject to tax in Guernsey at the standard rate of 0%.

SQN Ireland is a qualifying Company within the meaning of Section 110 of the TCA (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 of the TCA.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2. Accounting Policies (Continued)

2.11 Equity Holdings

Equity holdings are measured at fair value which is the same as the net realisable value given that the Audited Consolidated Financial Statements are now prepared on a basis other than going concern.

For the year ended 30 June 2022, In accordance with IFRS 9, investment in the shares was measured initially at cost and subsequently at fair value through profit or loss, taking into account all information available including possible future cash flows, progress of the projects and any call options available to the developer.

Refer to note 9.1 for further information.

3. Material Agreements and Related Party Transactions

(a) Investment Management Agreement (the "IMA")

The Company's investments were managed by the Portfolio Manager up to 31 December 2021. Under the terms of the IMA dated 6 June 2020, the Company appointed the Portfolio Manager to provide discretionary investment management services to the Company, subject to the oversight of the AIFM.

Ordinary Shares
For the period 1 July 2020 to 31 December 2020, the Portfolio Manager was entitled to a management fee of 1% of NAV (as the Company's NAV was below £300 million). From 1 January 2021 to 30 June 2021, the Portfolio Manager was entitled to 0.96% of the Ordinary Share NAV.

2016 C Shares
For the period 1 July 2020 to 16 July 2020, the Portfolio Manager was entitled to a management fee of 1% of NAV (as the Company's NAV was below £300 million).

From 17 July 2020 to 30 June 2021, the Portfolio Manager fee for the 2016 C Shares was calculated by segregating the portfolio into performing and non-performing assets. The split between performing and non-performing assets was based on the position as at 31 March 2020.

The performing assets were subject to a management fee of 1.0% of NAV per annum. The non-performing assets were subject to a lower management fee of 0.75% of NAV per annum plus a performance fee calculated on the realised capital value of the non-performing assets. No performance fee has been paid or is payable to the Portfolio Manager.

Portfolio Manager Fee Clawback
For the period 1 July 2020 to 31 December 2020, the Portfolio Manager received their fee based on the published NAV as at 30 June 2020. The Audited Consolidated Financial Statements for the year ended 30 June 2020, which were signed off in January 2021, included additional ECL provisions, which resulted in an overpayment being made to the Portfolio Manager. As at 30 June 2022, the remaining clawback was £nil (30 June 2021: £313,733).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

3. Material Agreements and Related Party Transactions (Continued)

Amendment and Termination of the IMA
The IMA between the Company, the Portfolio Manager and the AIFM was amended and the IMA terminated with effect from midnight on 31 December 2021.

The key terms of the amended IMA are set out below:

- Management fees payable by the Company to the Portfolio Manager of: (i) £230,000 for the month of July 2021; and (ii) £218,500 per month from 1 August 2021 to 31 December 2021;
- A payment of £100,000 in total payable by the Company to the Portfolio Manager conditional on the publication of the Company's Annual Report and Audited Consolidated Financial Statements for the year ended 30 June 2021 and the continued provision of certain employees' services to the Company to 31 December 2021;
- The clawback arrangement being cancelled with effect from 1 July 2021. The amount outstanding of £313,733 was cancelled on 1 July 2021; and
- The Company will not be required to make any payment to the Portfolio Manager for the termination of the IMA within the first 36 months of the Portfolio Manager's appointment (where the IMA currently states that the Company would be required to reimburse KKV for certain costs that the Company would otherwise have incurred in connection with the transfer of the management contract to the Portfolio Manager in June 2020).

During the year ended 30 June 2022, a compensation payment of £100,000 was paid to the Portfolio Manager because the conditions detailed above were met.

The Portfolio Manager fee was payable monthly in arrears and allocated between the Ordinary and 2016 C share classes based on the previous quarters NAV.

Fees Paid to the Portfolio Manager
During the year ended 30 June 2022, fees paid to the Portfolio Manager amounted to £1,422,496, excluding the clawback of £313,733, which was cancelled during the period (year ended 30 June 2021: £1,978,999). At 30 June 2022, no management fees were payable to the Portfolio Manager (30 June 2021: 198,494).

The Portfolio Manager did not receive any other fees during the year ended 30 June 2022.

(b) Administration Agreement
The Company has engaged the services of the designated Administrator to provide administration and custodian services. The Administrator is entitled to receive:

- an annual administration fee based on the Group’s gross issue proceeds on a tiered percentage basis for the period 1 July 2020 and 28 February 2021. The administration fee was amended with effect from 1 March 2021 to a fixed annual fee of £300,000;
- an annual fee of £36,000 for performing the function of Company Secretary plus fees for ad-hoc Board meetings;
- an annual fee of £10,000 for the provision of compliance services; and
- an annual fixed fee of £5,000 for each Guernsey Subsidiary (up to seven Guernsey subsidiaries).

(c) Registrar Agreement
Link Market Services (Guernsey) Limited and the Company entered into a Registrar Agreement on 30 November 2020, with a fixed fee of £23,750 per annum for the period 1 January 2021 to 31 December 2023.

Link is also entitled to a fee of £12,000 for each capital return and the issuance and immediate redemption and cancellation of B and D shares.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

3. Material Agreements and Related Party Transactions (Continued)

(d) Broker Agreements
Winterflood Securities Limited are entitled to an annual brokerage and advisory fee of £45,000 and commission fees of 1% and 0.1% of the gross value of any share issues and repurchases respectively.

(e) AIFM
The Company has engaged the services of the AIFM, the AIFM is responsible for managing the Company's investments and the risks it faces in accordance with AIFMD, subject to the overall scrutiny of the Board.

The AIFM is entitled to receive a minimum annual management fee of £85,000. The Group may also reimburse the AIFM for documented expenses in the proper performance of its duties.

The Group has paid the AIFM fees with effect from 1 October 2021, the fees having previously been paid by the Portfolio Manager.

In addition, the AIFM will also provide Key Information Document Services and receives an annual fee of £12,000.

Share Interest
The table below details the Ordinary Shares and 2016 C Shares held by the Directors in the Company:

	30 June 2022		30 June 2021	
Director	**Number of Ordinary Shares**	**Number of 2016 C Shares**	**Number of Ordinary Shares**	**Number of 2016 C Shares**
David Copperwaite	410,000	-	410,000	-
Brendan Hawthorne	-	-	-	-
Brett Miller	-	-	-	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

3. Material Agreements and Related Party Transactions (Continued)

SQN Ireland
Certain investments in the loans and construction finance investment categories as disclosed in note 9.1, have been invested through SQN Ireland. SQN Ireland purchased investments by issuing bonds to the Group. As at 1 January 2022, SQN Ireland has been deemed to be under the control of the Group and results of SQN Ireland consolidated as part of the Audited Consolidated Financial Statements for the year ended 30 June 2022 (refer to Note 2.1(f)).

The Group had the following amounts invested through SQN Ireland as at 30 June 2021:

Maturity date of Investment as at 30 June 2021	Fair value as at 30 June 2021
	£
31/12/2021	521,628
30/07/2022	16,956,122
31/12/2021	1,982,885
n/a[1]	3,891,315
31/12/2021	1,206,873
23/02/2021	19,798,249
25/05/2023	4,192,339
31/12/2021	11,557,557
31/12/2021	4,678,419
31/12/2021	4,072,732
31/12/2021	4,737,690
31/12/2022	3,435,615
30/04/2029	4,931,232
	81,962,656

[1] Matured during the year ended 30 June 2021.

From 6 June 2020 to 31 December 2021, the Portfolio Manager acted as investment manager to SQN Ireland. From 1 January 2022, the Company has acted as the investment advisor to SQN Ireland. Refer to note 2.1 (e) and 2.1 (f) for further information on the consolidation of SQN Ireland into these Audited Consolidated Financial Statements with effect from 1 January 2022.

Incentive plan
Shareholders at the AGM held on 29 November 2021 approved an incentive plan (the “Incentive Plan”).

The structure of the Incentive Plan is for a bonus pool to be created for the Board (excluding David Copperwaite as the independent Director), employees and consultants of the Company (both present and future) comprising cash equivalent to 1.4% of the aggregate funds distributed to shareholders since 1 July 2021 for a period up to 31 December 2023, following which the amount shall fall to 1.0% of aggregate funds distributed to shareholders for the period from 1 January 2024 to 30 June 2024 and will thereafter reduce by a further 0.2% every 3 months (the "Bonus Pool"). The precise allocation of the Bonus Pool will be at the discretion of the Board, subject to the approval of the independent Director. The Board will not distribute more than 50% of the Bonus Pool until the net assets of the Company fall below £20 million and no part of the Bonus Pool will be paid out until a minimum of £80 million has been returned to shareholders cumulatively since 1 July 2021. The Bonus Pool has been capped at £2.3 million.

For the year ended 30 June 2022, an incentive fee expense of £2,266,001 (30 June 2021: £nil) has been accrued.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

3. Material Agreements and Related Party Transactions (Continued)

Transactions with the Directors
Bonus payments
At the AGM held on 29 November 2021, shareholders approved a one-off cash bonus of £280,000 to the Directors, payable in such proportions as the Directors determine to recognise their achievements to 30 June 2021, in achieving the aims of the Company's investment objective of a managed wind down.

The Board voluntarily agreed to split the bonus into two parts, with the first half paid immediately and the second half deferred until the earlier of 1 January 2023 or the date at which a further £30 million has been returned to shareholders. This has been paid after the year end (refer to note 18).

Directors' remuneration
During the year ended 30 June 2022, total Directors' remuneration, including extra services was £862,606 (30 June 2021: £496,465) and included consultancy fees of £300,000 (30 June 2021: £195,000) paid to Brett Miller and a £280,000 (31 June 2021: £nil) bonus payment due to the Directors, of which £140,000 was paid to the Directors during the year (see above). Directors' fees accrued but unpaid as at 30 June 2022 were £140,000 (30 June 2021: £nil), which relates to the second half of the bonus payment. Refer to note 18 for details of the bonus payment paid post year-end.

Effective 1 December 2021, David Copperwaite's annual fee increased by £30,000 per annum, as he was appointed as the independent Director in regard to the Incentive Plan and will not be eligible to benefit from the Incentive Plan.

4. Other Operating Expenses

	Year ended 30 June 2022 £	Year ended 30 June 2021 £
Administration and secretarial fees (refer to note 3(b))	419,082	525,005
Audit fees	173,790	183,000
Non audit related services fee	-	25,000
Brokerage fees (refer to note 3(d))	109,664	48,620
Public relation fees	-	32,039
Registrar fees (refer to note 3(c))	73,819	24,426
Legal fees	498,122	585,708
Professional fees	162,894	216,701
Transaction fees	50,000	114,395
Other expenses	177,979	91,934
Investment valuation fees	196,856	515,947
Employee remuneration	245,490	-
Consultancy fees	682,781	-
AIFM fees	85,393	-
Irrecoverable withholding tax	103,832	-
Total	**2,979,702**	**2,362,775**

Audit fees of £173,790, include £47,000 of overrun fees on the audit of the Annual Report and Audited Consolidated Financial Statements for the year ended 30 June 2021 (30 June 2021: £183,000, including £95,000 of overrun fees). There were no non-audit related services provided by the Auditor during the year ended 30 June 2022. In the year ended 30 June 2021, non-audit related services of £25,000 related to the review of the Half-Yearly Report and Unaudited Condensed Consolidated Financial Statements.

Legal fees in the sum of £150,036 (30 June 2021: £94,416) relate to the Suniva investment.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

4. Other Operating Expenses (Continued)

Employee remuneration is relating to an employee providing operational support and Dawn Kendall (whose employment ended on 21 April 2022) who transferred from the Portfolio Manager to the Company by virtue of the TUPE on 1 January 2022. The employee remuneration expense includes wages, payroll taxes, contributions to defined contribution pension plans, termination of employment expenses and reimbursement of expenses approved by the Board.

Consultancy fees relate to the fees paid to the four Consultants from 1 January 2022, including reimbursement of expenses approved by the Board. Consultancy fees also include a project commission, due on the consultants upon meeting certain criteria in assisting with the wind down of the Company. For the year ended 30 June 2022, a project commission provision of £309,160 (30 June 2021: £nil) was accrued for.

5. Basic and Diluted (Loss)/Earnings per Share

30 June 2022	**Ordinary Shares**	**2016 C Share**
Total comprehensive (loss)/income for the year	£(2,615,318)	£1,418,122
Weighted average number of shares in issue during the year	355,975,669	138,924,222
Basic and diluted (loss)/earnings per share	(0.73)p	1.02p
30 June 2021	**Ordinary Shares**	**2016 C Share**
Total comprehensive income for the year	£1,803,783	£13,252,607
Weighted average number of shares in issue during the year	355,975,669	138,924,222
Basic and diluted loss per share	0.51p	9.54p

6. NAV per Share

30 June 2022	**Ordinary Shares**	**2016 C Shares**
NAV	£62,067,375	£26,100,616
Number of shares in issue at year end	355,975,669	138,924,222
NAV per share	17.44p	18.79p
30 June 2021	**Ordinary Shares**	**2016 C Shares**
NAV	£93,238,382	£82,953,032
Number of shares in issue at year end	355,975,669	138,924,222
NAV per share	26.19p	59.71p

On 1 September 2021, the 1,731,838 Ordinary Shares held in treasury were cancelled. No Ordinary Shares or 2016 C Shares were held in treasury as at 30 June 2022. The number of Ordinary Shares in issue as at 30 June 2021 is presented after deduction of 1,731,838 treasury shares.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

7. Segmental Reporting

There are two reportable segments as at 30 June 2022: Ordinary Shares and 2016 C Shares. Each Share Class has its own portfolio, is listed separately on the Main Market of the London Stock Exchange and the Directors review the investment held in each segment separately.

The Directors view the operations of the two reportable segments as one operating segment, being investment business and both segments have the same investment objectives as at 30 June 2022. All significant operating decisions are based upon analysis of the Group's investments as one segment. The financial results from this segment are equivalent to the financial results of the Group as a whole.

The tables below provide a breakdown of the condensed consolidated statement of comprehensive income between the reportable segments:

For the year ended 30 June 2022	**Ordinary Shares**	**2016 C Shares**	**Total**
	£	**£**	**£**
Total income	6,064,371	3,624,247	9,688,618
Net realised and unrealised loss	(4,076,661)	1,035,385	(3,041,276)
Total operating expenses and incentive plan expense	(4,603,028)	(3,241,510)	(7,844,538)
Total comprehensive income for the year	**(2,615,318)**	**1,418,122**	**(1,197,196)**

For the year ended 30 June 2021	**Ordinary Shares**	**2016 C Shares**	**Total**
	£	**£**	**£**
Total income	13,076,138	7,992,502	21,068,640
Net realised and unrealised loss	(24,667,596)	3,405,435	(21,262,161)
Total operating expenses (excluding ECL)	(2,007,900)	(1,729,239)	(3,737,139)
Total comprehensive income for the year	**1,803,783**	**13,252,607**	**15,056,390**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

7. Segmental Reporting (Continued)

The tables below provide a breakdown of the condensed consolidated statement of financial position between the reportable segments:

30 June 2022	**Ordinary Share £**	**2016 C Share £**	**Total £**
Investments and other receivables and prepayments	55,928,528	16,518,986	**72,447,514**
Cash and cash equivalents	7,717,975	10,956,858	**18,674,833**
Total current assets	**63,646,503**	**27,475,844**	**91,122,347**
Current liabilities	(1,579,129)	(1,375,227)	**(2,954,356)**
Net assets	**62,067,374**	**26,100,617**	**88,167,991**
Equity	**62,067,374**	**26,100,617**	**88,167,991**

30 June 2021	**Ordinary Share £**	**2016 C Share £**	**Total £**
Investments and other receivables and prepayments	81,024,192	70,324,471	**151,348,663**
Cash and cash equivalents	12,569,057	12,781,886	**25,350,943**
Total current assets	**93,593,249**	**83,106,357**	**176,699,606**
Current liabilities	(354,867)	(153,325)	**(508,192)**
Net assets	**93,238,382**	**82,953,032**	**176,191,414**
Equity	**93,238,382**	**82,953,032**	**176,191,414**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

8. Property, Plant and Equipment

The carrying amount is detailed in the table below:

	30 June 2022	30 June 2021
Cost	**£**	**£**
Opening balance	**15,775,272**	**15,775,272**
Disposals during the year[1]	(15,775,272)	-
Closing balance	**-**	**15,775,272**
Accumulated depreciation and impairment		
Opening balance	**(13,706,663)**	**(14,807,763)**
Disposals during the year[1]	13,706,663	-
Impairment release during the year	-	1,101,100
Closing balance	**-**	**(13,706,663)**
Net realisable value	**-**	**2,068,609**

[1] All PPE investments were sold during the year, £2,019,195 was received which resulted in a realised loss on disposals of £49,414.

9. Financial Instruments

9.1 Fair Value Investments

The Group's accounting policy on fair value measurements is discussed in note 2.3(c).

The Group measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

Level 1: Inputs that reflect unadjusted price quotes in active markets for identical assets or liabilities that the Group has the ability to access at the measurement date;

Level 2: Inputs that reflect price quotes of similar assets and liabilities in active markets, and price quotes of identical assets and liabilities in markets that are considered to be less than active as well as inputs other than price quotes that are observable for the asset or liability either directly or indirectly; and

Level 3: Inputs that are unobservable for the asset or liability and reflect the Company's own assumptions based upon experience of similar assets and/or on third party appraised values. This category includes instruments that are valued based on price quotes for which the inputs are unobservable or price quotes for similar instruments for which significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

9. Financial Instruments (Continued)

9.1 Fair Value Investments (Continued)

For financial assets not carried at amortised cost, the Company determines fair value using valuation techniques approved by the Directors.

An assessment is made at each reporting date for any events or changes in circumstances that caused a transfer. Transfers between levels are deemed to have occurred at the reporting date. There were no transfers of investments between the Levels during the year.

The following table details the Group's fair value hierarchy.

30 June 2022	**Level 1**	**Level 2**	**Level 3**	**Total**
	£	**£**	**£**	**£**
Financial assets				
Investments designated at FVTPL				
- Lease participation	-	-	497,445	497,445
- Loans and other investments	-	-	47,354,490	47,354,490
- Finance lease and hire purchase investments	-	-	24,256,673	24,256,673
Finance lease residual value	-	-	111,979	111,979
Total financial assets	**-**	**-**	**72,220,587**	**72,220,587**

30 June 2021	**Level 1**	**Level 2**	**Level 3**	**Total**
	£	**£**	**£**	**£**
Financial assets				
Investments designated at FVTPL				
- Lease participation	-	-	860,833	860,833
- Loans and other investments	-	-	111,759,233	111,759,233
- Finance lease and hire purchase investments	-	-	36,143,681	36,143,681
Finance lease residual value	-	-	101,859	101,859
Total financial assets	**-**	**-**	**148,865,606**	**148,865,606**

Investments designated at FVTPL

Loans and other investments

The Group holds construction finance investments, which comprise initial drawings or advances made under loan agreements, finance leases or hire purchase agreements during a period of procurement or construction of underlying assets (the "Construction Period"). During the Construction Period, interest or similar service payments on the advances may be paid or (more usually) rolled-up and capitalised on expiry of the Construction Period, typically when the assets have been commissioned and (if applicable) commercial operations have commenced. Following the expiry of the Construction Period, construction finance investments are converted into either loans, finance leases or hire purchase and reclassified in the Audited Consolidated Financial Statements to the loans, finance lease and hire purchase investment categories.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

9. Financial Instruments (Continued)

9.1 Fair Value Investments (Continued)

Investments designated at FVTPL (Continued)

Loans and other investments (Continued)
The amortisation period (in the case of a loan) or lease/hire term (in the case of a finance lease or hire purchase) commences at the end of the Construction Period and the service payments or lease/hire payments rentals are calculated by reference to the total advances during the Construction Period plus interest accrued (if not paid). In the case of a finance lease, the advances (and accrued interest) are repayable in full if a default or insolvency event occurs or if the Construction Period has not ended by a specified longstop date.

Included in loans and other investments, is a debtor-in-possession financing provided by the Group for a US solar manufacturing company, in order to protect the Group's interest in the equipment that secures its loan. US$2.44 million remained outstanding as at 30 June 2022 (equivalent to £2.01 million). A fair value of £nil has been applied to this amount given the material uncertain timing and quantum of outcomes possible.

Finance lease and hire purchase investments
The Group's investments include a portfolio of leases of plant and machinery leased under finance lease agreements that transfer substantially all the risks and rewards incidental to ownership to the lessee and in hire purchase agreements that include a purchase option exercisable by the lessee upon fulfilment of specified conditions. Under these agreements, the lessee pays periodic rent for the use of the assets for a fixed or minimum initial term of typically 3 to 10 years. At the end of the fixed or minimum term, the lessee can typically elect to:

- return the asset to the Group;
- in the case of hire purchase, exercise an option to purchase the assets, typically at a 'bargain' price;
- extend the lease for a further minimum term or from year to year on payment of a pre-agreed rent (which is typically substantially lower than the rent paid during the initial term); or
- arrange a sale of the asset to a third party and (typically) receive all or the majority of the proceeds of sale. Legal title to the leased assets remains with the Group at all times prior to such sale.

Up to 31 December 2020, the Group applied the Expected Credit Loss ("ECL") requirements in IFRS 9 and utilised the ECL model. During the year ended 30 June 2022, no ECL (year ended 30 June 2021: £18,987,050) has been provided for in the Audited Consolidated Financial Statements as investments are designated at FVTPL.

Lease Participation
The Lease Participation investment represents a single participation investment in a portfolio of leases. The investment is held in a special purpose vehicle ("SPV") company that owns a number of aging helicopter assets.

The investment has a fair value of £497,445 as at 30 June 2022 (30 June 2021: £860,833).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

9. Financial Instruments (Continued)

9.1 Fair Value Investments (Continued)

Investments designated at FVTPL (Continued)

Finance lease residual value
Assets leased to third parties under finance leases had an unguaranteed residual value at the end of the year of £111,979 (30 June 2021: £101,859).

During the year ended 30 June 2022, no residual investments were sold (30 June 2021: two residual investments were sold for £36,610).

Equity Holdings
Refer below for the Company's shareholding in each equity holding held:

Equity Holding	30 June 2022	30 June 2021
1	15%	15%
2	-	-
3	25.5%	25.5%
4	25.5%	25.5%
5	20%	20%
6	45%	45%
7	45%	45%
8	-	51%
9	100%	100%

The Board have reviewed each equity holding position and do not believe that any of the equity holding positons held by the Group qualify for equity method accounting under IAS 28 – Investments in Associates and Joint Ventures ("IAS 28"). The Board have judged that the Group does not have significant influence, being where the Company has the power to participate in the financial and operating policy decisions of the equity holdings, but not control them. Details of each equity holding are outlined below.

The Company and the AIFM monitor the fair value of the equity holdings and review the relevant information available. As at 30 June 2022, the companies the Group holds equity in are not meeting expected operating or financial performance levels and the Board believe that the net realisable value of all the above detailed equity holdings throughout the year and as at 30 June 2022 is £nil (30 June 2021: £nil).

Equity Holding 1
Following a review of the capital position in one of its investments held by the Group, it received an equity holding in the underlying company. The Group holds junior equity, based on the sale price of the underlying asset and after senior debt has been repaid, any remaining value will go to senior equity.

The Group has not accounted for this equity holding using IAS 28 as it holds less than 20% of the equity and does not have significant influence.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

9. Financial Instruments (Continued)

9.1 Fair Value Investments (Continued)

Equity Holding 2
The Group holds a minority shareholding in an investee company in consideration for a facility increase. The Group has not accounted for this equity holding using IAS 28 as it holds less than 20% of the equity and does not have significant influence. The shares were disposed of for £1 in April 2021.

Equity Holding 3, 4 and 8
The Group has provided asset finance facilities in the form of construction finance and hire purchase investments to three AD plants.

In addition to these finance arrangements, the Group acquired an equity holding in each investee company. The terms of the shareholder agreement included an option (the “Call Option”), exercisable by the developer upon or following full repayment of the asset finance/loan, to purchase the Group’s shares at a price that will produce a maximum 12% per annum return on capital to the Group, taking account of both interest paid under the debt facilities and (if applicable) any dividends, assuming each project is fully delivered.

The equity holdings do not qualify for equity method accounting under IAS 28, although the Group holds greater than 20% of the voting power in each of the investees, the Board judge that the Group does not have significant influence due to the following factors for each investment:

- The equity holdings can be bought back at the developer’s discretion once conditions per the shareholder agreement are satisfied.
- The return is fixed at a maximum of 12% per annum across the entire investment (loan and shares). If the investment performs better than expected, the developer will exercise the option to purchase the shares at the agreed price and therefore the Group has no realistic chance of participating in residual value.

During the year, no Call Option was exercised by the developers (30 June 2021: no Call Option was exercised by the developers).

Equity holding 8 was disposed of during the year.

Equity Holding 5
The Group holds an effective 20% (30 June 2021: 20%) shareholding in a holding company. The Group has not accounted for these equities using IAS 28 as the Board have judged the Group does not have significant influence.

Equity Holding 6 and 7
The Group holds an effective 45% shareholding in two holding companies. The Group has not accounted for these equities using IAS 28 as the Board have judged the Group does not have significant influence.

Equity Holding 9
The Group holds an effective 100% shareholding in a holding company. The Group has not accounted for these equities using IAS 28 as does not have beneficial ownership of the shares and they are held for security only. In addition, the Board have judged the Group does not have significant influence.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

9. Financial Instruments (Continued)

9.1 Fair Value Investments (Continued)

Level 3 reconciliation
The following table summarises the changes in the fair value of the Group's Level 3 investments designated at fair value through profit or loss:

	30 June 2022 £	30 June 2021 £
Opening balance	**148,865,606**	**127,557**
Transfer in arising from reclassification on 1 January 2021	-	217,727,709
Fair value adjustment as at 1 January 2021 due to reclassification	-	2,987,406
Purchases during the year	100,000	6,468,934
Sales during the year	(72,963,900)	(65,266,348)
Unrealised loss on revaluation of investments	(4,529,380)	41,949,036
Realised gain on investments	748,261	(55,128,688)
Closing balance	**72,220,587**	**148,865,606**

Information about the Secondary Market for Level 3 Investments
Lease participation, loans, construction finance, finance lease and hire purchase investments
The fair value of "loans and other investments" and "finance lease and hire purchase" investments is based on two key inputs being the expected cash flows from the facility including any appropriate adjustment in timing to realise these cash flows and an appropriate discount rate. Refer to note 2.3(c) for further detail and FV discount matrix and below for sensitivity analysis to significant changes in unobservable inputs within Level 3 hierarchy.

When examining target returns sought by private debt funds, the Company has examined a number of public data sources. By nature, Private Debt is not publicly disclosed, however, a number of consultants and market participants share typical ranges within sectors that ties into the Company's experience from market studies completed historically.

Finance lease residual value
The Company makes assumptions about the residual value of certain assets and equipment. This assumed cash flow is typically a minor part of the assumed cash flows from the investment. In determining the cash flow, we will review contractual terms that may limit any payment and consider market observable inputs relating to percentages of value retained.

As determined by the Company, the residual value is a function of the in-place value and/or the secondary market value of the equipment or assets.

The in-place value is an assessment of the value of the equipment or assets if the equipment or assets were to continue to operate and provide value to the end-user. This takes into account the marginal cost of keeping the asset in place as well as the cost to the end-user of decommissioning, redelivering, and replacing the equipment. In some cases, this amount (or a maximum value) is negotiated in advance with the end-user.

The secondary market value is determined utilising the Company's historical experience, quotes from dealers, third party appraisals and recent sales. The secondary market value also takes into account the geography of the equipment or assets, the timeframe required to conduct a sale, and the associated costs that are not passed on to the end-user.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

9. Financial Instruments (Continued)

9.2 Valuation Process

The following table provides information about fair value measurements and key unobservable inputs with respect to each category of financial assets designated at fair value through profit or loss:

30 June 2022

Description	Fair Value £	Valuation Techniques	Unobservable Inputs
Lease participation	497,445	Discounted cash flow	Expected cash flows and discount rate
Loans	33,875,154	Discounted cash flow	Expected cash flows and discount rate
Construction finance	13,479,336	Discounted cash flow	Expected cash flows and discount rate
Finance lease	18,645,391	Discounted cash flow	Expected cash flows and discount rate
Hire purchase	5,611,282	Discounted cash flow	Expected cash flows and discount rate
Finance lease residual value	111,979	Discounted cash flow	Future cash flows resulted from leases modifications and discount rate
Equity holdings	-	Discounted cash flow	Discount rate and EBITDA growth rate

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

9. Financial Instruments (Continued)

9.2 Valuation Process (Continued)

30 June 2021

Description	Fair Value £	Valuation Techniques	Unobservable Inputs
Lease participation	860,833	Discounted cash flow	Expected cash flows and discount rate
Loans	97,379,790	Discounted cash flow	Expected cash flows and discount rate
Construction finance	14,379,443	Discounted cash flow	Expected cash flows and discount rate
Finance lease	28,369,614	Discounted cash flow	Expected cash flows and discount rate
Hire purchase	7,774,067	Discounted cash flow	Expected cash flows and discount rate
Finance lease residual value	101,859	Discounted cash flow	Future cash flows resulted from leases modifications and discount rate
Equity holdings	-	Discounted cash flow	Discount rate and EBITDA growth rate

Sensitivity Analysis
The table below provides the valuation basis of financial assets designated at fair value through profit or loss, being the summation of contractual future cash flows, offer/settlement agreement and expert valuations:

	30 June 2022 £	30 June 2021 £
Contractual future cash flows	33,744,119	78,231,803
Offer/settlement agreement	6,358,005	32,137,002
Expert valuations	32,118,463	38,394,942
Total	**72,220,587**	**148,763,747**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

9. Financial Instruments (Continued)

9.2 Valuation Process (Continued)

Sensitivity Analysis (Continued)
The tables below detail sensitivity analysis on the key unobservable inputs considering the discount rate and the expected cash flows from the facility including any appropriate adjustment in timing to realise these cash flows with respect to the fair value measurement of financial assets designated at fair value through profit or loss.

Discount rate
The Company has reviewed the current discount rates compared with the rates charged at issue on the transactions. After removing non-standard positions from the analysis, it was ascertained that +1.75%/-1.75% is a suitable sensitivity range for the discount rates. Refer below for discount rate sensitivity analysis:

	30 June 2022		30 June 2021	
	£ Increase of 1.75%	£ Decrease of 1.75%	£ Increase of 0.5%	£ Decrease of 0.5%
Contractual future cash flows	(257,297)	720,874	(253,034)	332,084
Offer/settlement agreement	-	11,401	(13,689)	22,938
Expert valuations	(307,841)	409,372	(140,408)	189,182
Total	**(565,138)**	**1,141,647**	**(407,131)**	**544,204**

Expected cash flow adjustment
For the purposes of determining the sensitivity, the Company has reviewed expected cash flow transactions over the prior 12 months, against actual cash flow transactions and identified that cash flows achieved were in line with cash flows expected within an approximate 10% threshold. From this analysis, the Company believes that a +10%/-10% represents the majority of changes in cash flows experienced. Refer below for discount rate sensitivity analysis:

	30 June 2022		30 June 2021	
	£ Increase of 10%	£ Decrease of 10%	£ Increase of 10%	£ Decrease of 10%
Contractual future cash flows	3,993	(3,374,412)	698,122	(6,127,567)
Offer/settlement agreement	n/a	n/a	n/a	n/a
Expert valuations	715,565	(3,211,846)	3,474,370	(3,839,494)
Total	**719,558**	**(6,586,258)**	**4,172,492**	**(9,967,061)**

Timings to realise expected cash flows
The Company has analysed historic transactions and identified that settlements are often delayed by 3-9 months. On this basis, the below sensitivity details the impact on bringing forward settlements by 6 months and extending by 6 months.

	30 June 2022		30 June 2021	
	£ Increase of 182 days	£ Decrease of 182 days	£ Increase of 182 days	£ Decrease of 182 days
Contractual future cash flows	-	-	(314,036)	313,938
Offer/settlement agreement	n/a	n/a	n/a	n/a
Expert valuations	(1,179,653)	1,245,033	(1,552,835)	1,643,579
Total	(1,179,653)	1,245,033	**(1,866,871)**	**1,957,517**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

9. Financial Instruments (Continued)

9.2 Valuation Process (Continued)

Sensitivity Analysis (Continued)
No sensitivity analysis is provided on the finance lease residual value and equity holdings as these amounts are not material.

9.3 Net movement on investments

	30 June 2022	30 June 2021
	£	£
Net unrealised loss on revaluation of investments	(4,529,380)	31,368,641
Net realised gain on investments	748,261	(55,528,698)
Net realised loss on PPE (note 8)	(49,414)	-
Net movement on investments	**(3,830,533)**	**(24,160,057)**

10. Receivables

Other Receivables and Prepayments

	30 June 2022	30 June 2021
	£	£
Other receivables	37,611	-
Prepaid transaction fees	24,984	100,715
Portfolio Manager fee clawback	-	313,733
	62,595	**414,448**

During the year, the Portfolio Manager fee clawback in the sum of £313,733 was cancelled. Refer to note 3 for further information.

Investment Receivable
Investment receivable of £164,332 (30 June 2021: £nil) represent an amount due on the sale of a PPE asset that remains outstanding at the reporting date and was subsequently received post year-end.

11. Other Payables and Accrued Expenses

	30 June 2022	30 June 2021
	£	£
Investment management fees	-	198,494
Administration and secretarial fees	30,085	30,085
Audit fees	88,290	47,500
Brokerage fees	8,382	8,068
Other payables	50,188	224,045
Director fees (bonus accrual, refer to note 3)	140,000	-
Consultancy fees	371,410	-
	688,355	**508,192**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

11. Other Payables and Accrued Expenses (continued)

The Group has financial risk management policies in place to ensure that all payables are paid within the credit time frame.

The Directors consider that the carrying amount of all payables approximates to their fair value.

As at 30 June 2022, Consultancy fees included a project commission accrual of £309,160 (30 June 2021: £nil) has been recognised. Refer to note 4 for further details.

12. Commitments and Provisions

The Group had not committed to invest any further amounts as at 30 June 2022 and 30 June 2021.

As at 30 June 2022, the Group had provisions in regard to the following:

- The incentive plan in the sum of £2,266,001 (30 June 2021: £nil). Refer to note 3 for further details.
- A project commission payable to each consultant of 50% of their annual fee for meeting certain criteria in assisting with the wind down of the Company. Refer to note 4 for further details.

13. Share Capital

The authorised share capital of the Company is represented by an unlimited number of shares of no par value which may be designated as Ordinary Shares, C Shares or otherwise as the Directors may from time to time determine. All shares hold equal rights with no restrictions and no shares carry special rights with regard to the control of the Company. There are no special rights attached to the shares in the event that the Company is wound down. In accordance with the Company's articles, the Company holds separate share class meetings, for both the Ordinary Shares and the 2016 C Shares, at which shareholders vote on resolutions specific to each share class.

The 2016 C Share investments are accounted for and managed as a separate pool of assets in accordance with the Company's investment policy. Shared expenses, which relate to both classes are split between Ordinary Shares and 2016 C Shares based on their respective NAV.

The Company's share capital is denominated in Sterling.

	30 June 2022		30 June 2021	
	Number of Shares in Issue	**Stated Capital**	**Number of Shares in Issue**	**Stated Capital**
		£		**£**
Ordinary Shares	355,975,669	286,296,373	355,975,669	314,774,427
2016 C Shares	138,924,222	53,149,539	138,924,222	111,497,712
Total	**494,899,891**	**339,445,912**	**494,899,891**	**426,272,139**

On 1 September 2021, the 1,731,838 Ordinary Shares held in treasury were cancelled. As at 30 June 2022, there were no Ordinary Shares or 2016 C Shares held in treasury. The number of shares in issue for the year ended 30 June 2021 did not include the 1,731,838 Ordinary Shares held in treasury.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

13. Share Capital (continued)

Share Buybacks
At the AGM held on 29 November 2021, the Directors were granted authority to repurchase 53,360,753 Ordinary Shares and 20,824,741 2016 C Shares (being equal to 14.99% of the number of Ordinary Shares and 2016 C Shares in issue) for cancellation. This authority will expire at the forthcoming AGM. The Directors intend to seek annual renewal of this authority from shareholders. Pursuant to this authority, and subject to Companies Law and the discretion of the Directors, the Company may purchase Ordinary Shares and 2016 C Shares in the market if they believe it to be in shareholders' interests.

The Group did not repurchase any Ordinary Shares or 2016 C Shares during the years ended 30 June 2022 and 30 June 2021.

Issued Share Movements

	30 June 2022		30 June 2021	
	Number	**Stated Capital**	**Number**	**Stated Capital**
		£		**£**
Balance at the start of the year	**494,899,891**	**426,272,139**	**494,899,891**	**488,655,945**
Redemption of B and D shares – capital return (refer to note 14)	-	(86,826,227)	-	(62,383,806)
Balance at the end of the year	**494,899,891**	**339,445,912**	**494,899,891**	**426,272,139**

14. Return of Capital

As part of the managed wind down of the Company, the Board returned cash to shareholders using a B Share Mechanism and a D Share Mechanism.

The B Share Mechanism involves the issue of new redeemable shares of no par value ("B Shares"), paid out of the Company's assets to existing Ordinary shareholders pro rata to their holdings of Ordinary Shares at the time of such issue. The D Share Mechanism involves the issue of new redeemable shares of no par value ("D Shares"), paid out of the Company's assets to existing 2016 C shareholders pro rata to their holdings of 2016 C Shares at the time of such issue. The B Shares and D Shares shall be non-transferable and shall be redeemable for cash subsequent to issue at the option of the Board on such terms, as the Board shall determine.

Rights attaching to the B and D Shares
The B Shares and D Shares do not carry any right to any dividends, any other income distributions, or any capital distributions of the Company other than as expressly permitted under the new Articles.

The B Shares and D Shares do not entitle any holder thereof to any surplus assets of the Company remaining after payment of all creditors of the Company apart from a distribution in respect of any capital paid up on the B Shares and D Shares which shall rank behind any amounts due in respect of other classes of shares (apart from any B Shares D Shares) and such distribution shall be distributed pro rata.

The B Shares and D Shares will be issued on terms that each B Share and D Share shall be redeemable at the option of the Board and on the terms the Board determine. Redemption monies will be paid in accordance with the terms of the new Articles.

The B Shares and D Shares shall not carry any right to receive notice of, or attend, speak or vote at, any general meeting of the Company or any right to vote on written resolutions of the Company. The B Shares and D Shares shall not be transferrable. The Board expect that the B Shares and D Shares will only ever be in issue for a short period of time.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

14. Return of Capital (Continued)

Return of Capital during the year ended 30 June 2022
On 7 July 2021, the Company announced the third return of capital which was paid to shareholders on 29 July 2021. This return of capital was effected by way of an issue and immediate redemption and cancellation of 355,975,669 B Shares and 138,924,222 D Shares on 21 July 2021.

On 18 August 2021, the Company announced the fourth return of capital, which was paid to shareholders on 13 September 2021. This return of capital was effected by way of an issue and immediate redemption and cancellation of 355,975,669 B Shares and 138,924,222 D Shares on 3 September 2021.

On 24 February 2022, the Company announced the fifth return of capital which was paid to shareholders on 18 March 2022. This return of capital was effected by way of an issue and immediate redemption and cancellation of 355,975,669 B Shares and 138,924,222 D Shares on 10 March 2022.

Return of Capital during the year ended 30 June 2022 (Continued)
On 21 April 2022, the Company announced the sixth return of capital which was paid to shareholders on 19 May 2022. This return of capital was effected by way of an issue and immediate redemption and cancellation of 355,975,669 B Shares and 138,924,222 D Shares on 11 May 2022.

During the year ended 30 June 2022, the Company made a return of capital on four separate occasions, as detailed below, returning a total of £28,478,054 to Ordinary shareholders and £58,348,173 to 2016 C shareholders).

Record date	Number of B Shares issued and cancelled	Amount per Share	Amount returned to Ordinary shareholders	Number of D Shares issued and cancelled	Amount per Share	Amount returned to 2016 C shareholders
20 July 2021	355,975,669	3p	£10,679,270	138,924,222	7p	£9,724,695
2 September 2021	355,975,669	3p	£10,679,270	138,924,222	21p	£29,174,087
9 March 2022	355,975,669	1p	£3,559,757	138,924,222	10p	13,892,422
10 May 2022	355,975,669	1p	£3,559,757	138,924,222	4p	5,556,969
			£28,478,054			£58,348,173

Refer to note 18 for detail of return of capital post year-end.

Return of Capital during the year ended 30 June 2021
On 8 March 2021, 355,975,669 B shares and 138,924,222 D shares were issued at no par to Ordinary shareholders and 2016 C shareholders respectively. These B and D shares were redeemed on the 8 March 2021, returning £17,798,784, being 5p per B share and £16,670,907, being 12p per D share, to Ordinary shareholders and 2016 C shareholders respectively.

On 22 April 2021, 355,975,669 B shares and 138,924,222 D shares were issued at no par to Ordinary shareholders and 2016 C shareholders respectively. These B and D shares were redeemed on the 22 April 2021, returning £19,578,662, being 5.5p per B share and £8,335,453, being 6p per D share, to Ordinary shareholders and 2016 C shareholders respectively.

During the year ended 30 June 2021, the Company made a return of capital on two separate occasions, as detailed below, returning a total of £37,377,446 to Ordinary shareholders and £25,006,360 to 2016 C shareholders).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

14. Return of Capital (Continued)

Record date	Number of B Shares issued and cancelled	Amount per Share	Amount returned to Ordinary shareholders	Number of D Shares issued and cancelled	Amount per Share	Amount returned to 2016 C shareholders
8 March 2021	355,975,669	5p	£17,798,784	138,924,222	12p	£16,670,907
22 April 2021	355,975,669	5.5p	£19,578,662	138,924,222	6p	£8,335,453
			£37,377,446			£25,006,360

15. Dividends

No dividends were declared by the Company to its shareholders during the years ended 30 June 2022 or 30 June 2021. With the Company in managed wind down, the Board does not intend to declare any further dividends.

16. Capital Management Policies and Procedures

The Board defines capital as financial resources available to the Group.

The Group's total capital at 30 June 2022 was £88,167,991 (30 June 2021: £176,191,414) and comprised equity share capital and reserves. The Group was ungeared at the year-end.

The Group's capital management objective is to provide returns to shareholders.

As the Company is in managed wind down, the Group's principal use of cash is to return cash to shareholders, whist maintaining sufficient balances to meet ongoing operational expenses.

The Board monitors and reviews the broad structure of the Group's capital on an ongoing basis.

The Group has no externally imposed capital requirements.

17. Financial Risk Management

The Group's financial assets mainly comprise investments and cash balances. Note 2 sets out the accounting policies, including criteria for recognition and the basis for measurement, applied to significant financial assets and liabilities. Note 2 also includes the basis on which income and expenses arising from financial assets and liabilities are recognised.

Principal risks and uncertainties are detailed in the Strategic Report. The Directors and the AIFM, with the assistance of the Consultants and the Company's employee, work together to mitigate these risks by employing the following risk mitigation strategies:

(i) Credit Management – sound credit management is a prerequisite for an entity's stability and profitability. Prudent management of credit risk can minimise both operational and credit risks. The Board pre-emptively begin to manage risk through the comprehensive underwriting process to ensure that there is not more than an acceptable amount of risk within the transaction. The risk is continually managed throughout the term of the lease (or other finance agreement) until the ultimate disposition of the asset(s). Stringent underwriting procedures are applied to mitigate risk.

(ii) Due Diligence – the Company performs comprehensive due diligence on all counter parties, individuals and businesses relevant to the investment strategy of the Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

17. Financial Risk Management (Continued)

(iii) On-going Portfolio Management – ensures that if a problem starts to arise, it is identified giving the capability to address it and put into action whatever remediation steps are necessary to help mitigate a potentially larger risk down the line.

(iv) Legal Review – the Company engages legal professionals in order to ensure, on an on-going basis, that all rights, title and interests, held as security for the Company's investments are being protected and preserved.

(vi) Records Management – the Company has a comprehensive electronic documentation system that is subject to their internal/external backup procedure, maintaining information access and retrieval 24/7 with offsite redundant backup in case of a disaster when recovery would need to be deployed.

The AIFM, in close cooperation with the Directors, coordinate the Group's risk management.

Additional risks arising from the Group's activities listed in order of severity and likelihood and the policies for managing each of these risks are summarised in this note and have been applied throughout the year.

17.1. Credit Risk

This is the risk of the failure of a lessee to make lease payments, the failure of the issuer of a security or borrower to pay interest or principal in a timely manner, or that the effect of negative perceptions of the issuer's ability to make such payments causing the value of the investment to decline. Counterparties with debt securities rated below investment-grade (or unrated) are especially susceptible to this risk. The Group looks to source investments that can provide various credit and structural enhancements to attempt to mitigate credit exposure to any single counterparty or asset class.

Credit concentration risk
As the Company is in managed wind down, the Company will not be making any new investments. The Board will monitor concentration risk of the investment portfolio as the portfolio is liquidated as part of the Company's investment objective and policy.

BNP Paribas Securities Services S.C.A., Guernsey Branch is the bank used by the Group to hold cash balances and there is a risk that it could fail or that there may be fraud or theft by employees and that the Group's assets may not be returned. BNP Paribas Securities Services S.C.A., Guernsey Branch, is a branch of BNP Paribas whose credit rating is A+ with Standard & Poor's.

Credit risk of cash and custodian is mitigated by the Company's policy to only undertake significant transactions with leading commercial counterparties.

Exposure to Credit Risk
The following tables detail the Company's financial assets maximum exposure to credit risk:

30 June 2022

	£
Residual value of finance lease investments	111,979
Investments designated at fair value through profit or loss	72,108,608
Cash and cash equivalents	18,674,833
Other receivables (excludes prepayments)	201,943
Total assets	**91,097,363**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

17. Financial Risk Management (Continued)

17.1. Credit Risk (Continued)

30 June 2021

	£
Residual value of finance lease investments	101,859
Investments designated at fair value through profit or loss	148,763,747
Cash and cash equivalents	25,350,943
Other receivables (excludes prepayments)	313,733
Total assets	**174,530,282**

Financial assets credit quality summary
The table below shows the different risk categories, the associated PDs and the nominal rating equivalent in relation to unsecured loans:

Company Risk Grade	Nominal Rating Equivalent
1: Virtually no risk	AAA
2: Low risk	AA
3: Moderate risk	A
4: Average risk	BBB
5: Acceptable risk	BB
6: Borderline risk	B
7: High risk	CCC
8: Extremely high risk	CC
9: Doubtful	D
10: Loss	D

Refer below for Risk Grades and nominal rating equivalent as at 30 June 2022.

Company Risk Grade	Nominal Rating Equivalent	Investment Category	£
N/A	A+1	Cash and cash equivalents	18,674,833
5	BB	Investments designated at fair value through profit or loss	13,190,350
5	BB	Residual value of finance lease investments	85,272
6	B	Investments designated at fair value through profit or loss	112,945
7	CCC	Investments designated at fair value through profit or loss	850,654
7	CCC	Residual value of finance lease investments	26,707
8	CC	Investments designated at fair value through profit or loss	20,280,741
10	D	Investments designated at fair value through profit or loss	37,673,918
Total			**90,895,420**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

17. Financial Risk Management (Continued)

17.1. Credit Risk (Continued)

30 June 2021

Company Risk Grade	Nominal Rating Equivalent	Investment Category	£
N/A	A+1	Cash and cash equivalents	25,350,943
4	BBB	Investments designated at fair value through profit or loss	16,956,122
5	BB	Investments designated at fair value through profit or loss	36,270,491
5	BB	Residual value of finance lease investments	77,634
6	B	Investments designated at fair value through profit or loss	7,030,566
7	CCC	Investments designated at fair value through profit or loss	11,400,175
7	CCC	Residual value of finance lease investments	24,225
8	CC	Investments designated at fair value through profit or loss	6,033,820
9	C	Investments designated at fair value through profit or loss	2,146,153
10	D	Investments designated at fair value through profit or loss	68,926,420
Total			**174,216,549**

17.2. Liquidity Risk

This is the risk that the Group will encounter difficulty in meeting obligations associated with financial liabilities or funding commitments. The Board manages and monitors the Group's liquidity risk.

The Group's investments (excluding cash deposits) are asset-backed loan or finance transactions with commercial entities. The investments are substantially less liquid than traded securities and will have a highly limited (if any) secondary market. Some transactions may incorporate provisions that restrict transfer or disposal of the investment.

As at 30 June 2022 and 30 June 2021, the Group did not have any foreign exchange forward contracts.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

17. Financial Risk Management (Continued)

17.2. Liquidity Risk (Continued)

The table below shows the Company's financial liabilities as at 30 June 2022:

	Less than 1 year	1 to 5 years	More than 5 years	No maturity date	Total
	£	£	£	£	£
Financial liabilities					
Other payables and accrued expenses	(379,195)	(2,673,500)	-	-	(3,052,695)
Total undiscounted financial liabilities	(379,195)	(2,673,500)	-	-	(3,052,695)

The table below shows the Company's financial liabilities as at 30 June 2021:

	Less than 1 year	1 to 5 years	More than 5 years	No maturity date	Total
	£	£	£	£	£
Financial liabilities					
Other payables and accrued expenses	(508,192)	-	-	-	(508,192)
Total undiscounted financial liabilities	(508,192)	-	-	-	(508,192)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

17. Financial Risk Management (Continued)

17.3. Operational Risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the processes, technology and infrastructure supporting the Group's activities with financial instruments either internally within the Group or externally at the Group's service providers, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of investment management behaviour.

The Group's objective is to manage operational risk so as to balance limiting of financial losses and damage to its reputation with achieving its investment objective. The Group manages this risk by having oversight of the Administrator, the Consultants and the Company's employee.

17.4. Market Risk

The fair value of future cash flows of a financial instrument held by the Group may fluctuate. This market risk comprises currency risk, interest rate risk and price risk. The Board reviews and agrees policies for managing these risks.

Currency Risk
The functional and presentation currency of the Group is Sterling and, therefore, the Group's principal exposure to foreign currency risk comprises investments denominated in other currencies, principally US Dollars and Euros. The Company monitors the Group's exposure to foreign currencies. The Board measures the risk to the Group of the foreign currency exposure by considering the effect on the NAV and income of a movement in the rates of exchange to which the Group's assets, liabilities, income and expenses are exposed.

The table below details the carrying amounts of the Company's financial assets and financial liabilities that have foreign currency risk exposure:

30 June 2022	**GBP** **£**	**USD** **£**	**EUR** **£**	**Total** **£**
Investments including the residual value of finance lease investments	47,200,403	1,572,223	23,447,961	72,220,587
Cash and cash equivalents	16,998,380	652,542	1,023,911	18,674,833
Other receivables	201,943	-	-	201,943
Investment payables, other payables and accrued expenses	(2,954,356)	-	-	(2,954,356)
Total net foreign currency exposure	**61,446,370**	**2,224,765**	**24,471,872**	**88,143,007**
Percentage of total	**69.72%**	**2.52%**	**27.76%**	**100.00%**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

17. Financial Risk Management (Continued)

17.4. Market Risk (Continued)

30 June 2021	GBP £	USD £	EUR £	Total £
Investments including the residual value of finance lease investments	82,095,531	37,473,105	29,296,970	148,865,606
Cash and cash equivalents	24,654,143	521,757	175,043	25,350,943
Other receivables	313,733	-	-	313,733
Investment payables, other payables and accrued expenses	(508,192)	-	-	(508,192)
Total net foreign currency exposure	**106,555,215**	**37,994,862**	**29,472,013**	**174,022,090**
Percentage of total	**61.23%**	**21.83%**	**16.94%**	**100.00%**

Currency sensitivity analysis
Should the value of Sterling against the Euro and the US Dollar increase or decrease by 5% with all other variables held constant and excluding the impact of currency hedging described below, the impact on the net assets of the Company would be as follows:

Currency	30 June 2022		30 June 2021	
	£ Increase of 5%	£ Decrease of 5%	£ Increase of 5%	£ Decrease of 5%
USD	(111,238)	111,238	(1,899,743)	1,899,743
EUR	(1,223,594)	1,223,594	(1,473,601)	1,473,601

The Board believe that a 500 basis point movement in the value of Sterling against other currencies is reasonable given the average volatility in these currency rates during the years ended 30 June 2022 and 30 June 2021.

The Group did not have any open forward foreign exchange contracts as at 30 June 2022 or the 30 June 2021.

Interest Rate Risk

Most of the Group's investments receive a fixed rate of interest. The value of fixed income securities usually rise and fall in response to changes in market interest rates. Declining interest rates generally increase the fair value of existing instruments, and rising interest rates generally decrease the fair value of existing instruments. Changes in value usually will not affect the amount of interest income or final principal repayments, but could affect the market value of the investment prior to maturity. Interest rate risk is generally greater for investments with longer maturities.

Certain income generating securities pay interest at variable rates. Variable rate securities reset at specified intervals, while floating rate securities reset whenever there is a change in a specified index rate. The market prices of these securities may fluctuate significantly when interest rates change. As at 30 June 2022 and 30 June 2021, no variable interest rate positions were held.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

17. Financial Risk Management (Continued)

17.4 Market Risk (Continued)

Interest Rate Risk (Continued)

The possible effects on fair value and cash flows that could arise as a result of changes in interest rates are taken into account when making investment decisions. Expected cash flows are monitored as investment updates are provided and the Company considers changes to cash flows on a quarterly basis. Each facility has a rate applied to fair value based on market observable transactions, performance, credit type and risk. The waterfall requires a market rate to be applied, if applicable, if not and the facility continues to perform in line with origination, the initial rate is adjusted by the relevant risk free rate change; where these are not appropriate the rate is taken from the fair value rate matrix. This fair value risk matrix is reviewed annually to reflect changes in the market rates for sectors and risk. The Board reviews on a regular basis the values of the financial instruments.

The following table details the Group's exposure to interest rate risks. It includes the financial assets designated at FVTPL and at amortised cost and financial liabilities at amortised cost as at 30 June 2022 and 30 June 2021.

	Interest bearing		Non-interest bearing	
At 30 June 2022	**Variable £**	**Fixed interest £**	**£**	**Total £**
Assets designated at fair value through profit or loss:				
Residual value of finance lease investments	-	-	111,979	111,979
Investments designated at fair value through profit or loss	-	72,108,608	-	72,108,608
Financial assets at amortised cost:				
Cash and cash equivalents	18,674,833	-	-	18,674,833
Other receivables	-	-	201,943	201,943
Total assets	**18,674,833**	**72,108,608**	**313,922**	**91,097,363**
Liabilities				
Financial liabilities at amortised cost:				
Other payables and accrued expenses	-	-	(2,954,356)	(2,954,356)
Total liabilities	**-**	**-**	**(2,954,356)**	**(2,954,356)**
Total interest sensitivity gap	**18,674,833**	**72,108,608**	**(2,640,434)**	**88,143,007**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

17. Financial Risk Management (Continued)

17.4 Market Risk (Continued)

Interest Rate Risk (continued)

	Interest bearing		Non-interest bearing	
	Variable	Fixed interest		Total
At 30 June 2021	**£**	**£**	**£**	**£**
Assets designated at fair value through profit or loss:				
Residual value of finance lease investments	-	-	101,859	101,859
Investments designated at fair value through profit or loss	-	148,763,747	-	148,763,747
Financial assets at amortised cost:				
Cash and cash equivalents	25,350,943	-	-	25,350,943
Other receivables	-	-	313,733	313,733
Total assets	**25,350,943**	**148,763,747**	**415,592**	**174,530,282**
Liabilities				
Financial liabilities at amortised cost:				
Other payables and accrued expenses	-	-	(508,192)	(508,192)
Total liabilities	**-**	**-**	**(508,192)**	**(508,192)**
Total interest sensitivity gap	**25,350,943**	**148,763,747**	**(92,600)**	**174,022,090**

Interest rate sensitivity

An increase of 175 basis points (30 June 2021: 50 basis points) in interest rates as at the reporting date would increase cash by £326,810 and decrease investments designated at FVTPL by £(565,138), which would decrease NAV by £(238,328) (30 June 2021: increase in cash of £126,755 and decrease of investments designated at FVTPL of £(407,131), which would decrease NAV by £(280,376)).

A decrease of 175 basis points (30 June 2021: 50 basis points) would decrease cash by £(308,135) and increase Investments designated at FVTPL by £1,141,647, which would increase NAV by £833,512 (30 June 2021: decrease in cash of £(126,755) increase of investments designated at FVTPL of £544,204, which would increase NAV by £417,449).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

17. Financial Risk Management (Continued)

17.4 Market Risk (Continued)

Interest rate sensitivity (Continued)
The Board believe that a 100 basis point movement in interest rates is reasonable given that the Bank of England base rate has increased from 0.25% on 16 December 2021 to 0.5% on 3 February 2022, to 0.75% on 17 March 2022, to 1.00% on 5 May 2022 to 1.25% on 16 June 2022.

Price risk
Price risk is the risk that the Company's performance will be adversely affected by changes in the markets it invests (other than those arising from currency risk and interest rate risk) whether caused by factor specific to an individual investment or all factors affecting all investments traded in the market.

As at 30 June 2022 and 30 June 2021, the Company is exposed to price risk on investments designated at fair value through profit or loss and on its residual value of finance lease investments.

Refer to note 2.3(c) and note 9.1 for detail regarding fair value measurement of investments designated at fair value through profit or loss.

The Company makes assumptions about the residual value of certain assets and equipment. The residual value is a function of the in-place value and/or the secondary market value of the equipment or assets. Equity holdings are valued on a market approach, taking into consideration NAV information of the investee, call options exercisable on the holdings and external pricing of recent transactions (if available). Lease participation investments are valued based on the principal balance of the participation interest adjusted for information provided by third party appraisals.

The Company attempts to mitigate asset pricing risk by using comparable recent market transactions and other valuation/information sources, however, these investments may be extremely difficult to value accurately, and the valuations provided may differ, sometimes significantly. Third-party pricing information may not be available for certain positions held.

The estimated fair values of lease participation investments, equity holdings and residual value of finance lease investments, loans and other investments and finance lease and hire purchase investments are monitored and reassessed on an ongoing basis by the Company.

Refer below for sensitivity analysis on the impact on the Statement of Comprehensive Income and NAV of the Company, if the fair value the investments exposed to price risk increased or decreased by 15% (30 June 2021: 15%). Refer to note 9 for detail on sensitivity analysis on fair value measurement unobservable inputs.

	30 June 2022	Increase by 15%	Decrease by 15%
Financial assets	**£**	**£**	**£**
Investments designated at FVTPL[1]	72,108,608	10,816,291	(10,816,291)
Finance lease residual value	111,979	16,797	(16,797)
Total	72,220,587	10,833,088	(10,833,088)

	30 June 2021	Increase by 15%	Decrease by 15%
Financial assets	**£**	**£**	**£**
Investments designated at FVTPL[1]	148,763,747	22,314,562	(22,314,562)
Finance lease residual value	101,859	15,279	(15,279)
Total	148,865,606	22,329,841	(22,329,841)

[1] Includes, loans and other investments and finance lease and hire purchase investments.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

17. Financial Risk Management (Continued)

17.4 Market Risk (Continued)

Price risk (Continued)
No sensitivity analysis has been provided for lease participation and equity holdings as these investments are not deemed material. As at 30 June 2022, they are valued at £497,445 for lease participation and £nil for equity holdings (30 June 2021: £nil for lease participation and equity holdings).

The Board believe that a 15% (year ended 30 June 2021: 15%) movement is reasonable based on market movements of the investments held during the financial year.

18. Events after the Reporting Period

Return of Capital
On 12 July 2022, the Company announced the seventh return of capital which was paid to shareholders on 3 August 2022. This return of capital was effected by way of an issue and immediate redemption and cancellation of 355,975,669 B Shares and 138,924,222 D Shares on 26 July 2022.

The table below summaries the amounts returned to shareholders:

	Ordinary Shares		**2016 C Shares**	
Record date	**Amount per Share**	**Amount returned to shareholders**	**Amount per Share**	**Amount returned to shareholders**
25 July 2022	1p	£3,559,757	5p	£6,946,211

Asset Realisations
On 12 July 2022, the Board announced that within the Ordinary Share Class portfolio, Borrower 4, an AD plant located in Scotland was restructured and sold, repaying the fund £2.7 million plus the potential for a further £0.2 million of deferred consideration. It had a fair value of £2.8 million as at 30 June 2022.

Bonus Payment
Following the seventh return of capital, the second half of the bonus payment in the sum of £140,000 was paid to the Directors in August 2022, as a further £30 million has been returned to shareholders since the AGM held on 29 November 2021.

19. Ultimate Controlling Party

In the opinion of the Directors, there is no single ultimate controlling party.

Alternative Performance Measures (Unaudited)

1. Share Price Discount

The share price discount to NAV has been calculated as the percentage difference between the NAV per share and the closing share price of the Ordinary Shares and 2016 C Shares on the same date (source: Bloomberg).

Reason for use
To provide transparency in the difference between the NAV and the Ordinary Share and 2016 C Share price and to help investors identify and monitor the performance of the Group.

	Ordinary Shares		2016 C Shares	
	30 June 2022	**30 June 2021**	**30 June 2022**	**30 June 2021**
NAV per share (A)	£0.1744	£0.2619	£0.1879	£0.5971
Closing share price per Bloomberg (B)	£0.0600	£0.1750	£0.1108	£0.3500
Discount to NAV per share ((B-A)/A)	(65.60)%	(33.18)%	(41.03)%	(41.38)%

2. NAV Total Return

The NAV total return measures how the NAV per Ordinary Share and 2016 C Share has performed over a period of time, taking into account both capital distributions and dividends paid to shareholders. The Company quotes NAV total return as a percentage change from a certain point in time, such as the initial issuance of Ordinary Shares and 2016 C Shares or the beginning of the period, to the latest reporting date, being 30 June 2021 in this instance. It assumes that capital and dividends paid to shareholders are reinvested back into the Company.

Total return since inception is for the period 31 July 2014 to 30 June 2022 for Ordinary Shares and 31 December 2016 to 30 June 2022 for 2016 C Shares.

Reason for use
To provide transparency in the Company's performance and to help investors identify and monitor the compounded total returns of the Company.

Annualised return
The 3 year annualised return is calculated as the geometric average amount of monthly total returns over the past 3 years.

Reason for use
To provide transparency of the Company's performance and to help investors identify and monitor their total return over a 3 year period if the annual return was compounded.

Alternative Performance Measures (Unaudited) (Continued)

2. NAV Total Return (Continued)

Ordinary Shares	**Year to 30 June 2022**	**3 year**	**Since Inception**
Opening NAV per share (A)	£0.2619	£0.9491	£1.000
Closing NAV per share (B)	£0.1744	£0.1744	£0.1744
Dividends paid (C)	£0.000	£0.0544	£0.3716
Capital distributions (D)	£0.0800	£0.1850	£0.1850
NAV total return per share (E=(B-A+C)+D/A)	(2.86)%	(56.40%)	(26.90)%

2016 C Shares	**Year to 30 June 2022**	**3 year**	**Since Inception**
Opening NAV per share (A)	£0.5971	£0.9815	£1.0000
Closing NAV per share (B)	£0.1879	£0.1879	£0.1879
Dividends paid (C)	£0.0000	£0.0544	£0.1413
Capital distributions (D)	£0.4200	£0.6000	£0.6000
NAV total return per share (E=(B-A+C+D)/A)	1.81%	(14.18)%	(7.08)%

3. Ongoing charges

Ongoing charges reflect those expenses of a type which are likely to recur in the foreseeable future and which relate to the operation of the Company, excluding the costs of acquisition or disposal of investments, finance charges, gains or losses arising on investments and Ordinary Shares.

Ongoing charges is a measure, expressed as a percentage of NAV, based on actual costs incurred in the year as being the best estimate of future costs excluding any non-recurring fees divided by the average NAV of the Company during the year.

The ongoing charges ratio for the year ended 30 June 2022 was 2.60% (30 June 2021: 1.63%). The methodology for calculating an ongoing charges figure is based on annualised ongoing charges, as calculated overleaf, of £3,725,431 (30 June 2021: £3,444,238) divided by average NAV in the period of £143,334,260 (30 June 2021: £211,198,531).

Alternative Performance Measures (Unaudited) (Continued)

3. Ongoing charges (Continued)

Reason for use
Ongoing Charges details the annual percentage reduction in shareholder returns as a result of recurring operational expenses assuming markets remain static and the portfolio is not traded.

The ongoing charges are based on actual costs incurred in the year excluding any non-recurring fees. Expense items have been excluded in the calculation of the ongoing charges figure when they are not deemed to meet the following definition:

"Ongoing charges are those expenses of a type which are likely to recur in the foreseeable future, whether charged to capital or revenue, and which relate to the operation of the investment company as a collective fund, excluding the costs of acquisition/disposal of investments, financing charges and gains/losses arising on investments. Ongoing charges are based on costs incurred in the year as being the best estimate of future costs."

Please refer below for ongoing charges reconciliation for the years ended 30 June 2022 and 30 June 2021:

	30 June 2022 £	**30 June 2021** £
Total operating expenses for the year (including incentive fee expense)	(7,844,538)	(4,838,239)
Expenses included in the calculation of ongoing charges figures		
Professional and Administration fees	(1,406,594)	(968,774)
Management fees	(1,736,229)	(1,978,999)
Directors' fees	(582,606)	(496,465)
Total ongoing charges for the year	**(3,725,429)**	**(3,444,238)**

COMPANY INFORMATION

Non-Executive, Independent Directors

Brendan Hawthorne
(Chairman of the Board and Chairman of Audit and Risk Committee)

David Copperwaite
(Chairman of the Remuneration and Nomination Committee)

Non-Independent Director
Brett Miller
(Chairman of Management Engagement Committee)

Registered Office
BNP Paribas House, St Julian's Avenue, St Peter Port, Guernsey, GY1 1WA

Alternative Fund Investment Manager (AIFM)
Sanne Fund Management (Guernsey) Limited (formerly International Fund Management Limited), Sarnia House, Le Truchot, St Peter Port, Guernsey, GY1 4NA

Financial Adviser and Broker
Winterflood Securities Limited, The Atrium Building, Cannon Bridge House, 25 Dowgate, Hill, London, EC4R 2GA

Auditor
Deloitte LLP, PO Box 137, Regency Court, Glategny Esplanade, St Peter Port, Guernsey, GY1 3HW

Registrar
Link Market Services (Guernsey) Limited, Mont Crevelt House, Bulwer Avenue, St Sampson, Guernsey, GY2 4LH

Principal Bankers
BNP Paribas Securities Services S.C.A., BNP Paribas House, St Julian's Avenue, St Peter Port, Guernsey, GY1 1WA

Designated Administrator, Custodian and Secretary
BNP Paribas Securities Services S.C.A., Guernsey Branch, BNP Paribas House, St Julian's Avenue, St. Peter Port, Guernsey, GY1 1WA

Receiving Agent
Link Market Services Limited, The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4TU

Legal Advisers to the Group (English Law)
CMS Cameron McKenna Nabarro Olswang LLP, Cannon Place, 78 Cannon Street, London, EC4N 6AF

Legal Advisers to the Group (Guernsey Law)
Mourant Ozannes, Royal Chambers, St Julian's Avenue, St Peter Port, Guernsey, GY1 4HP

Website www.slfrealisationfund.co.uk

LIST OF ACRONYMS

Terms	**Definition**
AD	Anaerobic Digestion
AGM	Annual General Meeting
AIFM	Alternative Fund Investment Manager
AIFMD	Alternative Fund Investment Manager Directive
CLO	Collateralised Loan Obligation
CVA	Company Voluntary Arrangement
DIP	Debtor in Possession
EBITDA	Earnings Before Interest, Tax, Depreciation & Amortisation
EGM	Extraordinary General Meeting
ECL	Expected Credit Loss
FCA	Financial Conduct Authority
FV	Fair Value
FX	Foreign Exchange
IFRS	International Financial Reporting Standards
IASB	International Accounting Standards Board
KKVIM	KKV Investment Management Limited
SLFR	Ordinary Shares
SLFX	2016 C Class Shares
LGD	Loss Given Default
LTV	Loan to Value
NAV	Net Asset Value
NCV	Net Carrying Value
RNS	Regulatory News Service
PD	Probability of Default
SME	Small & Medium Enterprise
SPV	Special Purpose Vehicle
TUPE	Transfer of Undertakings (Protection of Employment) Regulations 2006