

AMP CAPITAL INVESTORS CROWN BIDCO LIMITED

**ANNUAL REPORT AND INDEPENDENT AUDITOR'S REPORT
AS AT 31 DECEMBER 2019**



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Board of Directors

Adam James Petrie
Damian Philip Stanley (resigned 21 August 2019)
Philip Pacey (appointed 22 August 2019)

Investment Manager

AMP Capital Investors (UK) Limited
4th Floor Berkeley Square House
Berkeley Square
London W1J 6BX

Administrator

MUFG Alternative Fund Services (Jersey) Limited
1st Floor, 2 Hill Street
St Helier
Jersey JE1 4FS

Custodian

Mitsubishi UFJ Investor Services & Banking
(Luxembourg) S.A.
287-289, Route d'Arlon
L-1150 Luxembourg
Grand Duchy of Luxembourg

The International Stock Exchange Listing Sponsor

Carey Olsen Corporate Finance Limited
47 Esplanade
St Helier
Jersey JE1 0BD

Independent Auditor

Ernst & Young S.A.
35E avenue John F. Kennedy
L-1855 Luxembourg
Grand Duchy of Luxembourg

Legal Advisers

Allen & Overy LLP
One Bishops Square
London E1 6AD

Company Registration Number

11296348 (England and Wales)

The Directors submit their strategic report for the year ended 31 December 2019.

Introduction

The Company was incorporated on 6 April 2018. On 26 June 2018, the Company purchased 49% of London Luton Airport (“LLA”).

Principal Activity and Review of Business

The principal business activity of the Company is to act as the holding company of the 49% stake in LLA. LLA is the fifth largest airport in the UK. Located 29 miles north of London, the airport is operated under a concession agreement with Luton Borough Council.

LLA has a large catchment area of 23 million people living within a two-hour drive. The airport operates from a single terminal and runway. In 2019, LLA flew 18 million passengers and generated revenues of GBP 226.8 million. The airport generates its revenue from aeronautical activities, commercial, car parking and rental activities. LLA primarily serves the European short-haul leisure market with its main airlines, easyJet and Wizz Air and Ryanair.

Financial Highlights

The key financial highlights of the Company are as follows:

	Year ended 31 December 2019	Period from 6 April 2018 to 31 December 2018
	GBP	GBP
Income	10,192,000	23,179,272
Total comprehensive income for the year/period	49,302,718	21,116,862
Total balance sheet	409,051,581	383,509,625

Risks associated with the business

The principal risks associated with the Company are inherently linked to the principal risks of LLA being safety and security, environmental and noise management, changes in demand, industrial relations and Brexit, together with liquidity, credit and financial instruments risks.

Safety and Security Risk

Drone activity and sightings over airfields have been issues of national interest, with the UK Government agencies including the Department for Transport and the Ministry of Defence involved in monitoring the situation. LLA works closely with government agencies and the police on security measures.

Environmental and Noise Risk

With an increasing focus on Environmental, Social and Governance (ESG) matters, LLA is taking action to reduce its environmental footprint including through the use of environmental management systems and energy management systems which allow it to identify, manage, monitor and control environmental and energy issues.

Airlines at LLA are now committing to the early introduction of the new generation of quieter “neo-type” aircraft, which will reduce the airport’s noise impact.

Changes in demand

Long-term changes in passenger demand for services out of LLA could adversely impact operational and financial performance of the airport.

Industrial relations

Industrial action by LLA employees affecting critical services or industrial action within key suppliers (e.g. air traffic controllers) or key clients (e.g. airlines) of the airport could adversely impact the operational and financial performance of the airport.

Brexit

The United Kingdom left the European Union on January 31, 2020. The current status is that negotiations are underway for the future EU-UK relationship beyond a stand still transition period that ends on December 31, 2020. Uncertainty surrounding meeting this deadline and conditions arranged could impact the business of LLA. For example, if passenger volumes are reduced or the value of the pound falls making air travel less affordable. Whether Brexit related risks materialise will be dependent in part on the ongoing negotiation between the British government and the European Union.

COVID-19

From March 2020 a pandemic, linked to the spread of Covid-19 virus, resulted in a strong fall in the number of passengers and had a significant downward impact on worldwide economic activity.

Credit Risk

The Company's principal financial assets are bank balances and cash together with financial assets. The Company has no significant credit risk.

Liquidity Risk

In order to maintain liquidity to ensure that sufficient funds are available for on-going operations and future developments, the Company uses long term debt finance. The interest-bearing loan payable relates to 8% unsecured loan notes is payable on 26 June 2027.

Approved on behalf of the Board



Director: Phil Pacey

Date: 26 August 2020

The Directors submit their report and the audited financial statements of AMP Capital Investors Crown Bidco Limited (the “Company”) for the year ended 31 December 2019.

Incorporation

The Company was incorporated as a private company in the United Kingdom on 6 April 2018 with registration number 11296348.

On 18 September 2018, Unsecured Loan Notes issued by the Company amounting to GBP 46,383,972, bearing a fixed interest rate of 8% and maturing in 2027, were listed on The International Stock Exchange.

Principal Activity

The Company holds 49% of the shares in London Luton Airport, the fifth largest airport in the United Kingdom.

Results and Dividends

The results for the year are set out on page 6. A dividend of GBP 18,389,320 was paid during the year (2018: GBP Nil). No final year dividend is being recommended by the board.

Going Concern

Due to the decrease in passenger numbers, the decrease of aero revenues due to flight rescheduling by airline companies and the decrease of short-term retail and car park revenues, the underlying asset is not expected to generate positive cash flows until 2021.

AMPs stake fair value as per June 2020 valuation has been evaluated at GBP 323 million which is below the investment cost of GBP 313 million of equity and GBP 46 million of shareholder loan. The reduction in fair value is considered to be temporary and was due to the impact of the COVID 19 crisis.

In the first semester of 2020, entities being part of the underlying group have received further financings from several financial institutions, increasing the availability of cash as of 30 June 2020.

On top of that, Company's indirect shareholders have currently undrawn commitment from their respective shareholders and therefore the ability to draw funds if further needs exist. A portion of an existing loan facility remains also available in order to support the Company in this time of temporary financial stress.

Considering the above, the financial statements as of 31 December 2019 of the Company have been drawn up on a going concern basis.

Events After the Reporting Period

Following the subsequent spread of the virus (identified as a new coronavirus “COVID-19”), on 11 March 2020 the World Health Organisation declared the COVID-19 outbreak to be a pandemic. The COVID-19 pandemic is likely to have a significant impact on many businesses and communities throughout the world. These impacts are likely to affect the businesses to which the Company is exposed. It is too early to predict what the net impact will be on these businesses and therefore the Company. Consequently, a reliable estimate of the financial impact on the Company cannot be made at this stage.

The identification of COVID-19 post-31 December 2019, and its subsequent spread, is considered a non-adjusting subsequent event. The fair value of the Company's assets as at 31 December 2019 reflects the conditions known as at that date and does not factor-in any effect of COVID-19 on those valuations.

According to the June 2020 valuation performed by the external appraiser, the fair value of the Company's stake in the underlying investment, London Luton Airport, has decreased from GBP 408,000,000 as of 31 December 2019 to GBP 323,400,000. This is primarily due to the recent disruption caused by the global outbreak of the COVID-19 which has resulted in numerous travel bans and significant airline capacity reduction.

Directors

The Directors of the Company, who held office during the year and up to the date of signing the Financial Statements, are shown on page 1.

Independent Auditor

Ernst & Young S.A. was appointed as auditor of the Company and have expressed their willingness to continue in office.

Directors' indemnities

The Directors have each entered into individual deeds of indemnity with AMP Group Holdings Limited which indemnify the Directors to the maximum extent permitted by law. Each such provision constitutes a 'qualifying third-party indemnity provision' for the purposes of the Companies Act 2006. These provisions are in force for the benefit of the Directors at the date of this report, and during the financial year to which this report relates.

Political donations

No political donations were made during the year (2018: GBP Nil).

Management of risk

Risk related disclosures which would otherwise be required to be disclosed in the Directors Report can be found in the Strategic Report.

Research and Development Activities

The Company does not undertake formal research and development activities.

Directors' Responsibilities

The Directors is responsible for preparing the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial period. Under that law they have elected to prepare the financial statements in accordance with International Financial Reporting Standards and applicable law. In preparing the financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and appropriate;
- state whether applicable accounting standards have been followed; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

The Company's operations expose it to a variety of risks related to financial instruments that include the effect of credit risk, liquidity risk and market risk as disclosed in Note 13 to the financial statements in detail. The Company has implemented policies that require appropriate identification, measurement and monitoring of such risks. The Company's investment guidelines has set out its overall business strategy, tolerance for risk and risk management philosophy. The Directors are responsible for identifying and controlling risks and for implement risk policies.

Directors' Responsibilities (continued)

So far as each of the Directors is aware, at the time this report is approved:

- There is no relevant audit information of which the Company's auditors are unaware; and
- The Directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

The Directors confirm compliance with the above requirements in preparing the financial statements.

Approved on behalf of the Board

Director



Date: 26 August 2020

Independent auditor's report

To the Board of Directors of
AMP Capital Investors Crown Bidco Limited
4th Floor Berkeley Square House
Berkeley Square
London W1J 6BX

Opinion

We have audited the financial statements of AMP Capital Investors Crown Bidco Limited (the "Company"), which comprise the statement of financial position as at 31 December 2019, and the statement of comprehensive income, the statement of changes in equity and statement of cash flows for the year then ended, and the notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2019, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the International Accounting Standards Board ("IFRS").

Basis for Opinion

We conducted our audit in accordance with the Law of 23 July 2016 on the audit profession (the "Law of 23 July 2016") and with International Standards on Auditing ("ISAs") as adopted for Luxembourg by the "Commission de Surveillance du Secteur Financier" ("CSSF"). Our responsibilities under the Law of 23 July 2016 and ISAs are further described in the "responsibilities of the "réviseur d'entreprises agréé" for the audit of the financial statements" section of our report. We are also independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code") as adopted for Luxembourg by the CSSF together with the ethical requirements that are relevant to our audit of the financial statements, and have fulfilled our other ethical responsibilities under those ethical requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

The Board of Director is responsible for the other information. The other information comprises the information included in the Strategic Report and in the Directors' report but does not include the financial statements and our report of the "réviseur d'entreprises agréé" thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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

Responsibilities of the Board of Directors for the financial statements

The Board of Directors is responsible for the preparation and fair presentation of these financial statements in accordance with IFRS, and for such internal control as the Board of Directors determines 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 Board of Directors is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Responsibilities of the “réviseur d'entreprises agréé” 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 a report of the “réviseur d'entreprises agréé” that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF 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.

As part of an audit in accordance with the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.

- Conclude on the appropriateness of Board of Directors use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report of the "réviseur d'entreprises agréé" to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our report of the "réviseur d'entreprises agréé". However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Ernst & Young
Société anonyme
Cabinet de révision agréé



Ernst & Young

AMP CAPITAL INVESTORS CROWN BIDCO LIMITED
Statement of Comprehensive Income
For the Year Ended 31 December 2019



		Year ended	Period from
	Note	31 December 2019	6 April 2018 to
		GBP	31 December 2018
			GBP
Income			
Dividend income	3	10,192,000	8,428,000
Loan interest income	5	3,710,718	2,216,264
Unrealised gain on financial assets at fair value through profit or loss	3	<u>35,400,000</u>	<u>15,152,753</u>
Total Income		<u>49,302,718</u>	<u>25,797,017</u>
Expenses			
Transactions costs	7	-	(2,617,745)
Loan interest expense	10	(3,710,718)	(1,921,440)
Accounting fees	7	(8,100)	(2,704)
Audit fees		(21,303)	(11,027)
Professional fees		(1,200)	(126,550)
Other expenses		(1,705)	(645)
Net foreign exchange loss		<u>(59,288)</u>	<u>(44)</u>
Total Operating Expenses		<u>(3,802,314)</u>	<u>(4,680,155)</u>
Profit for the financial year/period before tax		45,500,404	21,116,862
Tax expense	12	<u>-</u>	<u>-</u>
Profit for the financial year/period after tax		45,500,404	21,116,862
Other comprehensive income		<u>-</u>	<u>-</u>
Total Comprehensive Income for the Year/Period		<u>45,500,404</u>	<u>21,116,862</u>

These financial statements were approved by the Board of Directors and signed on its behalf by:

Director

Date: 26.08.2020

The accompanying notes and the attached financial statements of the Company are an integral part of these financial statements

AMP CAPITAL INVESTORS CROWN BIDCO LIMITED
Statement of Financial Position
As at 31 December 2019



	Note	31 December 2019 GBP	31 December 2018 GBP
ASSETS			
Current Assets			
Cash and cash equivalents	8	251,430	10,909,625
Receivable	6	<u>1,145,807</u>	<u>345,656</u>
Total Current Assets		<u>1,397,237</u>	<u>11,255,281</u>
Non-Current Assets			
Financial assets at fair value through profit or loss	3	361,270,372	325,870,372
Loans receivable	5	<u>46,383,972</u>	<u>46,383,972</u>
Total Non-Current Assets		<u>407,654,344</u>	<u>372,254,344</u>
TOTAL ASSETS		<u>409,051,581</u>	<u>383,509,625</u>
EQUITY AND LIABILITIES			
Equity			
Share capital	9	3,140,736	3,140,736
Share premium	9	310,932,840	310,932,840
Retained earnings		<u>48,227,946</u>	<u>21,116,862</u>
Total Equity		<u>362,301,522</u>	<u>335,190,438</u>
Non-Current Liabilities			
Loans payable	10	<u>46,383,972</u>	<u>46,383,972</u>
Total Non-Current Liabilities		<u>46,383,972</u>	<u>46,383,972</u>
Current Liabilities			
Other payables	11	<u>366,087</u>	<u>1,935,215</u>
Total Current Liabilities		<u>366,087</u>	<u>1,935,215</u>
Total Liabilities		<u>46,750,059</u>	<u>48,319,187</u>
TOTAL EQUITY AND LIABILITIES		<u>409,051,581</u>	<u>383,509,625</u>

These financial statements were approved by the Board of Directors and signed on its behalf by:

Director 

Date: 26.08.2020

The accompanying notes and the attached financial statements of the Company are an integral part of these financial statements

AMP CAPITAL INVESTORS CROWN BIDCO LIMITED
Statement of Changes in Equity
For the Year Ended 31 December 2019



	Share Capital GBP	Share Premium GBP	Retained Earnings GBP	Total GBP
Balance at 6 April 2018	-	-	-	-
Increase during the period	3,140,736	310,932,840	-	314,073,576
Profit for the period	-	-	21,116,862	21,116,862
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	-	-	21,116,862	21,116,862
Balance at 31 December 2018	3,140,736	310,932,840	21,116,862	335,190,438
Balance at 1 January 2019	3,140,736	310,932,840	21,116,862	335,190,438
Profit for the year	-	-	45,500,404	45,500,404
Other comprehensive income	-	-	-	-
Total comprehensive income for the year	-	-	45,500,404	45,500,404
Dividends paid during the year	-	-	(18,389,320)	(18,389,320)
Balance at 31 December 2019	3,140,736	310,932,840	48,227,946	362,301,522

The accompanying notes and the attached financial statements of the Company are an integral part of these financial statements

AMP CAPITAL INVESTORS CROWN BIDCO LIMITED
Statement of Cash Flows
For the Year Ended 31 December 2019



		Year ended 31 December 2019 GBP	Period from 6 April 2018 to 31 December 2018 GBP
	Note		
Cash flows from operating activities:			
Operating expenses paid		(25,652)	(127,195)
Short-term loan granted to related party		(800,151)	-
Net Cash Outflow from Operating Activities		(825,803)	(127,195)
Cash flows from investing activities:			
Purchase of financial assets at fair value through profit or loss		-	(310,717,619)
Granting of interest bearing loan	5	-	(46,383,972)
Transaction costs paid	7	-	(2,617,745)
Dividend income received	3	10,192,000	8,428,000
Loan interest received	5	3,710,718	1,870,608
Net Cash Inflow/(Outflow) from Investing Activities		13,902,718	(349,420,728)
Cash flows from financing activities:			
Contributions received		-	314,073,576
Proceeds from loan notes issued	10	-	46,383,972
Loan interest paid	10	(5,286,502)	-
Dividends paid to shareholders		(18,389,320)	-
Net Cash (Outflow)/Inflow from Financing Activities		(23,675,822)	360,457,548
Net (decrease)/increase in cash and cash equivalents		(10,598,907)	10,909,625
Cash and cash equivalents at the beginning of the year/period		10,909,625	-
Net foreign exchange gain on cash and cash equivalents		(59,288)	-
Cash and cash equivalents at the end of the year/period	8	251,430	10,909,625

The accompanying notes and the attached financial statements of the Company are an integral part of these financial statements

1. Organisation

AMP Capital Investors Crown Bidco Limited (the “Company”) is a private company incorporated in the United Kingdom on 6 April 2018. On 12 April 2019, the Company’s registered office changed from 4th Floor, Berkely Square House, Berkeley Square, London, United Kingdom, W1J 6BX to 3rd Floor, 11-12 James’s Square, London SW1Y 4LB.

The financial statements were authorised for issue by the Directors on 26 August 2020.

2. Significant Accounting Policies

2.1 Basis of Preparation

The Company’s financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”). The financial statements have been prepared on a historical cost basis, except for financial instruments classified at fair value through profit or loss (“FVPL”). In accordance with paragraph 18 of IAS 28 *Investments in Associates and Joint Ventures*, the Company elected to measure its investment in associate at FVPL in accordance with IFRS 9 *Financial Instruments* (“IFRS 9”) (see Note 2.2).

The financial statements are presented in British Pounds (GBP). The Company’s financial year starts on 1 January and ends on 31 December of each year, except for the comparative period which covers the period from the date of incorporation, 6 April 2018, to 31 December 2018.

Going Concern

Due to the decrease in passenger numbers, the decrease of aero revenues due to flight rescheduling by airline companies and the decrease of short-term retail and car park revenues, the underlying asset is not expected to generate positive cash flows until 2021.

AMPs stake fair value as per June 2020 valuation has been evaluated at GBP 323 million which is below the investment cost of GBP 313 million of equity and GBP 46 million of shareholder loan. The reduction in fair value is considered to be temporary and was due to the impact of the COVID 19 crisis.

In the first semester of 2020, entities being part of the underlying group have received further financings from several financial institutions, increasing the availability of cash as of 30 June 2020.

On top of that, Company’s indirect shareholders have currently undrawn commitment from their respective shareholders and therefore the ability to draw funds if further needs exist. A portion of an existing loan facility remains also available in order to support the Company in this time of temporary financial stress.

Considering the above, the financial statements as of 31 December 2019 of the Company have been drawn up on a going concern basis.

New and revised accounting standards

IFRS 16 Leases

IFRS 16 requires lessees to account for all leases under a single on-balance sheet model in a similar way to finance leases under IAS 17. Lessors will continue to classify all leases using the same classification principle as in IAS 17 and distinguish between two types of leases: operating and finance leases. IFRS 16 is effective for annual periods beginning on or after 1 January 2019 with early adoption permitted. The Company does not have lease transactions either as a lessee or lessor. Hence, this standard has not had an impact to the Company.

IFRIC Interpretation 23 Uncertainty over Income Tax Treatment

IFRIC 23 “Uncertainty over Income Tax Treatments” was issued by the IASB on 7 June 2017 and become effective for periods beginning on or after 1 January 2019. IFRIC 23 is an interpretation that clarifies how to apply the recognition and measurement requirements in IAS 12 when there is uncertainty over tax treatments. IFRIC 23 was developed as an interpretation of IAS 12, and so it relates only to income taxes within the scope of that standard. The Company has evaluated the tax positions and has concluded that there are no significant tax positions requiring recognition, measurement, or disclosure in the financial statements.

2. Significant Accounting Policies (continued)

2.1 Basis of Preparation (continued)

New and revised accounting standards (continued)

Amendments to IFRS 9: Prepayment Features with Negative Compensation

Under IFRS 9, a debt instrument can be measured at amortised cost or at fair value through other comprehensive income, provided that the contractual cash flows are 'solely payments of principal and interest on the principal amount outstanding' (the SPPI criterion) and the instrument is held within the appropriate business model for that classification. The amendments to IFRS 9 clarify that a financial asset passes the SPPI criterion regardless of an event or circumstance that causes the early termination of the contract and irrespective of which party pays or receives reasonable compensation for the early termination of the contract. These amendments had no impact on the financial statements of the Company.

IAS 12 Income Taxes

The amendments clarify that the income tax consequences of dividends are linked more directly to past transactions or events that generated distributable profits than to distributions to owners. Therefore, an entity recognises the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where it originally recognised those past transactions or events. An entity applies the amendments for annual reporting periods beginning on or after 1 January 2019, with early application permitted. When the entity first applies those amendments, it applies them to the income tax consequences of dividends recognised on or after the beginning of the earliest comparative period. The Company current practice is in line with these amendments and therefore had no impact on the financial statements of the Company.

Standards issued but not yet effective

There are certain standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Company's financial statements. The Company intends to adopt applicable standards when they become effective. However, none of these standards is relevant or expected to have a material impact on the Company's financial statements.

At the date of authorisation of these financial statements, the Company has not applied the following new and revised IFRS Standards that have been issued but are not yet effective:

- Interest Rate Benchmark Reform, -amendments to IFRS9, IAS 39 and IFRS7
- Definition of Material - Amendments to IAS1 and to IAS8
- The Conceptual Framework for Financial Reporting
- The amendment to IFRS 3 - Business Combinations
- The amendment to IFRS 16 - Leases (COVID-19-Related Rent Concessions)

The annual improvement 2018-2020 cycle:

- IFRS 3 - Business Combinations
- IAS 16 - Property, Plant and Equipment
- IAS 37 - Provisions, Contingent Liabilities and Contingent Assets

Significant accounting judgements and estimates

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Management believes that the estimates utilised in preparing its financial statements are reasonable and prudent. Actual results could differ from these estimates.

(i) Use of estimates, judgements and assumptions

The making of judgements, estimates and assumptions is a necessary part of the financial reporting process and these judgements, estimates and assumptions can have a significant effect on the reported amounts in the financial statements. Estimates and assumptions are determined based on information available at the time of preparing the financial statements and actual results may differ from these estimates and assumptions. Had different estimates and assumptions been adopted, this may have had a significant impact on the financial statements. Significant accounting judgements, estimates and assumptions are re-evaluated at each reporting date in the light of historical experience and changes to reasonable expectations of future events. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

2. Significant Accounting Policies (continued)

2.1 Basis of Preparation (continued)

Significant accounting judgements and estimates (continued)

(ii) Fair value of investments not quoted in an active market

The fair value of securities that are not quoted in an active market is determined by using widely accepted valuation techniques to determine fair values for financial instruments. These techniques include using exchange traded prices, market comparables, suitable indices, valuation of the sum of the parts on refinance and the discounted cash flow model. The models used to determine fair values are validated and periodically reviewed by the Directors. The inputs in the discounted cash flow models include unobservable inputs which are the projected cash flows of the relevant portfolio company and the risk premium for liquidity and credit risk that are incorporated into the discount rate. However, the discount rates used for valuing unlisted securities are determined based on available market information for other entities operating in the same industry for which market performance is observable (see Note 4).

The Directors use models to adjust the observed performance to reflect the actual debt/equity financing structure of the specific investment or additional fair value adjustments.

(iii) Assessment as investment entity

Entities that meet the definition of an investment entity within IFRS 10 are required to measure their subsidiaries at FVPL rather than consolidate them. The criteria which define an investment entity are, as follows:

- An entity that obtains funds from one or more investors for the purpose of providing those investors with investment management services
- An entity that commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income, or both
- An entity that measures and evaluates the performance of substantially all of its investments on a fair value basis

The Company's LPA details its objective of providing investment management services to investors which includes investing in equities, fixed income securities, private equity and property investment for the purpose of returns in the form of investment income and capital appreciation. The Company reports to its investors via quarterly investor information, and to its management, via internal management reports, on fair value basis. All investments are reported at fair value to the extent allowed by IFRS in the Company's annual reports. The Company has a clearly documented exit strategy for all of its investments. The General Partner has also concluded that the Company meets the additional characteristics of an investment entity, in that it has more than one investment; the Company's ownership interests are predominantly in the form of equities and similar securities; it has more than one investor and its investors are not related parties. The General Partner has concluded that the Company meets the definition of an investment entity. These conclusions will be reassessed on a continuous basis, if any of these criteria or characteristics change.

2.2 Financial instruments

(i) Classification

In accordance with IFRS 9, the Company classifies its financial assets and financial liabilities in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income ("OCI") or through profit or loss), and
- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

2. Significant Accounting Policies (continued)

2.2 Financial instruments (continued)

(i) Classification (continued)

Financial assets measured at fair value through profit or loss ("FVPL")

A financial asset is measured at fair value through profit or loss if:

- Its contractual terms do not give rise to cash flows on specified dates that are solely payments of principal and interest on the principal amount outstanding; or
- It is not held within a business model whose objective is either to collect contractual cash flows, or to both collect contractual cash flows and sell; or
- At initial recognition, it is irrevocably designated as measured at FVPL when doing so eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases.

The Company includes in this category:

- *Equity instruments:* Included within equity instruments is the investment in associate.
 - Investment in associate: An associate is an entity over which an investor has significant influence, being the power to participate in the financial and operating policy decisions of the investee (but no control or joint control). In accordance with the exemption in paragraph 18 of IAS 28 *Investments in Associates and Joint Ventures*, the Company does not account for its investment in associate using the equity method. Instead, the Company has elected to measure its investment in associate at FVPL in accordance with IFRS 9.

The Company does not have any debt instruments or equity instruments measured at fair value through OCI. Therefore, the policy above does not further discuss such classification.

Financial assets measured at amortised cost

A debt instrument is measured at amortised cost if it is held within a business model whose objective is to hold financial asset in order to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. As at 31 December 2019, the Company includes its cash, loans and interest receivable in this category.

Financial liabilities measured at FVPL

A financial liability is measured at FVPL if it meets the definition of held for trading or designated at initial recognition as measured at FVPL.

Financial liabilities measured at amortised cost

This category includes all financial liabilities, other than those measured at FVPL. The Company classified its loans payable, loan interest payable and other payables in this category.

(ii) Recognition

The Company recognises a financial asset or a financial liability when, and only when, it becomes a party to the contractual provisions of the instrument.

Purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the marketplace are recognised on the trade date, i.e. the date that the Company commits to purchase or sell the asset.

(iii) Initial measurement

Financial assets and financial liabilities at FVPL are recorded in the Statement of Financial Position at fair value. All transaction costs for such instruments are recognised directly in profit or loss.

Financial assets and liabilities (other than those classified as FVPL) are measured initially at their fair value plus any directly attributable incremental costs of acquisition or issue.

2. Significant Accounting Policies (continued)

2.2 Financial instruments (continued)

(iv) Subsequent measurement

After initial measurement, the Company measures financial instruments which are classified as at FVPL, at fair value. Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Subsequent changes in the fair value of the financial instruments at FVPL are recognised in the Statement of Comprehensive Income.

Debt instruments, other than those classified as at FVPL, are measured at amortised cost using the effective interest rate method less any allowance for impairment. Gains and losses are recognised in profit or loss when the debt instruments are derecognised or impaired, as well as through the amortisation process.

Financial liabilities, other than those classified as at FVPL, are measured at amortised cost using the effective interest rate method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, as well as through the amortisation process.

The effective interest rate method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts throughout the expected life of the financial instrument to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, the Directors estimate cash flows considering all contractual terms of the financial instrument but does not consider future credit losses. The calculation includes all fees and points paid or received between the parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

Impairment

The Company records an allowance for Expected Credit Losses ("ECLs") for all loans and other debt financial assets not held at FVPL. ECL allowance is based on the credit losses expected to arise over the life of the asset (the lifetime expected credit loss or LTECL), unless there has been no significant increase in credit risk since origination, in which case, the allowance is based on the 12 months' expected credit loss ("12mECL").

The 12mECL is the portion of LTECL that represents the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date.

Both LTECL and 12mECL are calculated on either an individual basis or a collective basis, depending on the nature of the underlying portfolio of financial instruments.

Overview of the ECL principles

The Company has established a policy to perform an assessment, at the end of each reporting period, of whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument.

Based on the above process, the Company groups its loans into Stage 1, Stage 2 and Stage 3, as described below:

- Stage 1: When loans are first recognised, the Company recognises an allowance based on 12mECL.
- Stage 2: When a loan has shown a significant increase in credit risk since origination, the Company records an allowance for the LTECL.
- Stage 3: Loans considered credit-impaired. The Company records an allowance for the LTECL.

For debt instruments at amortised cost, the Company applies the low credit risk simplification. At every reporting date, the Company evaluates whether the debt instrument is considered to have low credit risk using all reasonable and supportable information that is available without undue cost or effort. In making that evaluation, the Company reassesses the internal credit rating of the debt instrument. In addition, the Company considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

2. Significant Accounting Policies (continued)

2.2 Financial instruments (continued)

(iv) Subsequent measurement (continued)

The Company considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Calculation of ECL

The Company calculates ECL based on four probability-weighted scenarios to measure the expected cash shortfalls, discounted at an approximation to the EIR. A cash shortfall is the difference between the cash flows that are due to an entity in accordance with the contract and the cash flows that the entity expects to receive.

The mechanics of the ECL calculations are outlined below and the key elements are, as follows:

- PD: The Probability of Default is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed period, if the facility has not been previously derecognised and is still in the portfolio.
- EAD: The Exposure at Default is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, whether scheduled by contract or otherwise, expected drawdowns on committed facilities, and accrued interest from missed payments.
- LGD: The Loss Given Default is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realisation of any collateral or credit enhancements that are integral to the loan. It is usually expressed as a percentage of the EAD.

(v) Derecognition

A financial asset (or, where applicable, a part of a financial asset or a part of a group of similar financial assets) is derecognised where the rights to receive cash flows from the asset have expired, or the Company has transferred its rights to receive cash flows from the asset, or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a pass-through arrangement and the Company has:

- Transferred substantially all of the risks and rewards of the asset; or
- Neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset as at the end of the reporting period.

When the Company has transferred its right to receive cash flows from an asset (or has entered into a pass-through arrangement), and has neither transferred nor retained substantially all of the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Company's continuing involvement in the asset. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

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

(vi) Fair value estimation

Ordinarily, the Company's valuation model technique for its assets follows the methodology of AMP Capital Investors (UK) Limited, which uses a wide range of widely accepted valuation techniques to determine fair values for equity and debt instruments. These techniques include using traded prices, market comparables, suitable indices, valuation of the sum of the parts on refinance and the discounted cash flow model.

2. Significant Accounting Policies (continued)

2.3 Foreign currency translation

(i) Functional and presentation currency

Items included in the Company's financial statements are measured and presented using the currency of the primary environment in which it operates (the "functional currency"). This is the British Pounds (GBP), which is based on the principal investment which is denominated in GBP.

(ii) Foreign exchange translation

Assets and liabilities denominated in foreign currencies are translated into GBP at the exchange rates ruling at the reporting date. Transactions in foreign currencies are translated into GBP at the exchange rates ruling at the dates of the transactions. Gains and losses on foreign exchange transactions are recognised in the Statement of Comprehensive Income in determining the result for the year ended 31 December 2019.

2.4 Offsetting financial instruments

The Company is eligible to present net on the Statement of Financial Position certain financial assets and liabilities. As at 31 December 2019, the Company did not hold any financial assets or liabilities, balances due to brokers or cash collateral that are subject to offsetting under IFRS. Therefore the quantitative disclosures required under IFRS 7 are not presented in the financial statements.

2.5 Cash and cash equivalents

For the purposes of the Statement of Cash Flows, cash and cash equivalents include deposits held at call with a bank or financial institution with an original maturity date of three months or less. Cash and cash equivalents also include highly liquid investments which are readily convertible to cash on hand at the Directors' option and which the Directors use in their day to day management of the Company's cash requirements.

2.6 Payables and accrued expenses

Payables are recognised for amounts to be paid in the future for goods and services received, whether or not billed to the Company. Payables are measured at amortised cost. Amounts are generally paid within 30 to 60 days of being recognised as payables. Given the short-term nature of most payables, their carrying amounts approximate their fair values.

2.7 Professional expenses

Professional expenses are costs incurred on a regular basis for fees paid to regulatory bodies and fees paid to agents for carrying out the duties on behalf of the Company for regulatory and compliance purposes. These costs are immediately recognised in Statement of Comprehensive Income as an expense.

2.8 Current and deferred taxation

Tax is recognised in profit or loss, except that a charge attributable to an item of income or expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date.

Deferred balances are recognised in respect of all timing differences that have originated but not reversed by the end of the reporting period, except:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

3. Financial Assets at Fair Value through Profit or Loss

	2019 GBP	2018 GBP
Equity instruments		
Investment in associate	361,270,372	325,870,372
Total financial assets at fair value through profit or loss	361,270,372	325,870,372
Unrealised gain on financial assets at fair value through profit or loss	35,400,000	15,152,753
Net change in fair value	35,400,000	15,152,753

On 26 June 2018, the Company completed the acquisition of 49% of the shares in London Luton Airport Holdings III Limited, represented by 48,314,000 shares.

The Company holds an interest in the entity below. The country of incorporation or registration is also their principal place of business, and the proportion of ownership interest is the same as the proportion of voting rights held.

Name of entity	Ownership		Nature of relationship	Measurement method	Fair value	
	2019	2018			2019	2018
	%	%			\$	\$
London Luton Airport Holdings III Limited	49	49	Associate ¹	FVPL	361,270,372	325,870,372

¹London Luton Airport Holdings III Limited is a private company incorporated and domiciled in the United Kingdom on 11 November 2013. Its principal activity is the operation and management of London Luton Airport. There is no restriction of distributions and no share commitments between London Luton Airport Holdings III Limited and its holdings entities.

During the year, the Company received dividend income of GBP 10,192,000 (2018: GBP 8,428,000).

4. Fair Value of Financial Instruments

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 - Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices).
- Level 3 - Inputs for the assets or liability that are not based on observable market data (unobservable inputs).

Assessing the significance of a particular input requires judgement, considering factors specific to the asset or liability.

The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. For this purpose, the significance of an input is assessed against the fair value measurement in its entirety. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a Level 3 measurement. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgement, considering factors specific to the asset or liability. The determination of what constitutes observable requires significant judgement by the Board of Directors. The Company considers observable data to be that market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market.

4. Fair Value of Financial Instruments (continued)

The following table shows financial instruments recognised at fair value:

Fair Value as of 31 December 2019				
	Level 1 GBP	Level 2 GBP	Level 3 GBP	Total GBP
Financial assets				
Equity instruments				
Investment in London Luton Airport	-	-	361,270,372	361,270,372
	-	-	361,270,372	361,270,372
Fair Value as of 31 December 2018				
	Level 1 GBP	Level 2 GBP	Level 3 GBP	Total GBP
Financial assets				
Equity instruments				
Investment in London Luton Airport	-	-	325,870,372	325,870,372
	-	-	325,870,372	325,870,372

There were no transfers into or out of Level 3 during the year ended 31 December 2019.

The following table shows a reconciliation of all movements in the fair value of financial assets categorised with Level 3 between the beginning and the end of the reporting period.

	2019 GBP	2018 GBP
Balance at the beginning of year/period	325,870,372	-
Purchases	-	310,717,619
Change in unrealised gain	35,400,000	15,152,753
Balance at the end of year/period	361,270,372	325,870,372
Total gains and losses for the year/period included in profit or loss for assets held at the end of the reporting period	35,400,000	15,152,753

The Company's holding is classified as Level 3 and consists of equity investments. The Investment Manager takes into account all aspects of the underlying investment's position when valuing the instrument using net present value and of estimated future cash flows. The Investment Manager also considers other liquidity, credit and market risk factors and adjusts the valuation accordingly as fair value. See sensitivity analysis included in Note 13.

Due to the lack of observable inputs, the assumptions made by the Board of Directors of the Company may significantly impact the resulting fair value and therefore the results of operations. Given the complexity and the number of assumptions used in the valuation model, the Board of Directors of the Company integrates a large part of market data available on the sector and uses the financial information obtained directly from the asset in order to determine any impacts it may have on the accounts. The valuation model is built using two main approaches: - income approach as primary approach, discounting cash flows to equity at an appropriate cost of equity derived using CAPM. -Market approach to cross-check DCF valuation as secondary approach.

5. Loans Receivable

	2019 GBP	2018 GBP
Interest-bearing loan receivable	46,383,972	46,383,972
	46,383,972	46,383,972

The interest-bearing loan receivable relates to 8% unsecured loan notes due on 25 November 2023 issued by London Luton Airport Holdings II Limited. During the year ended 31 December 2019, the Company recognised an interest income of GBP 3,710,718 (2018: GBP 2,216,264), of which GBP 345,656 (2018: GBP 345,656) remained outstanding at the end of the year. The fair value of the loan is GBP 55,710,416.

6. Receivable

	2019 GBP	2018 GBP
Interest-income (Note 5)	345,656	345,656
Short-term loan to related party	800,151	-
	1,145,807	345,656

7. Fees and Expenses

Accounting Fees

MUFG Alternative Fund Services (Jersey) Limited and MUFG Fund Services (Ireland) Limited (the “Administrators”) have been appointed to provide administration services to the Company. The Administrators receive, out of the assets of the Company, a fixed administration fee of USD 6,000 per annum and USD 5,000 for financial statements preparation.

During the year ended 31 December 2019, accounting fees amounted to GBP 8,100 (2018: GBP 2,704).

Transaction costs

Transaction costs are expenses incurred in relation to the acquisition of the investment measured at FVPL, such as legal fees, tax advisory fee and other transaction fees. Transaction costs incurred during the year ended 31 December 2019 amounted to GBP Nil (2018: GBP 2,617,745).

8. Cash and Cash Equivalents

The Company’s cash and cash equivalents are held by Mitsubishi UFJ Investor Services & Banking (Luxembourg) S.A. (“MUFG”). The Company is exposed to credit risk to the extent of cash and cash equivalents held by MUFG at any given point in time.

	2019 GBP	2018 GBP
Cash at bank	251,430	10,909,625
	251,430	10,909,625

9. Share Capital and Share Premium

Authorised, issued and fully paid

	Share capital GBP	Share premium GBP	Total GBP
314,073,576 ordinary shares at GBP 0.01 each	3,140,736	310,932,840	314,073,576
Balance as at 31 December 2019	3,140,736	310,932,840	314,073,576
314,073,576 ordinary shares at GBP 0.01 each	3,140,736	310,932,840	314,073,576
Balance as at 31 December 2018	3,140,736	310,932,840	314,073,576

The ordinary shares have attached to them full voting, dividend and capital distribution (including winding up) rights.

10. Loans Payable

	2019	2018
	GBP	GBP
Interest bearing loan payable	46,383,972	46,383,972
	46,383,972	46,383,972

The interest-bearing loan payable relates to 8% unsecured loan notes payable on 26 June 2027. These loan notes were listed on The International Stock Exchange in the Channel Islands on 18 September 2018.

During the year ended 31 December 2019, the Company recognised an interest expense of GBP 3,710,718 (2018: GBP 1,921,440) of which GBP 345,656 (2018: GBP 1,921,440) remained outstanding at the end of the reporting period (see Note 11).

The fair value of the loan is GBP 67,598,384.

Reconciliation of movements in loans payable to cash flows arising from financing activities

	2019	2018
	GBP	GBP
Cash flow changes		
Balance at the beginning of the year/ period	46,383,972	-
Proceeds from loan notes issued	-	46,383,972
Balance at the end of financial year/period	46,383,972	46,383,972

11. Other Payables

	2019	2018
	GBP	GBP
Loan interest payable (Note 10)	345,656	1,921,440
Accounting fee payable	9,813	2,748
Audit fee payable	10,618	11,027
	366,087	1,935,215

12. Taxation

The Company's income tax expense for the year ended 31 December 2019 is GBP Nil (2018: GBP Nil).

The reconciliation of tax expense to the accounting profit multiplied by the tax rate for 2019 is as follows:

	2019	2018
	GBP	GBP
Profit for the financial year/period before tax	45,500,404	21,116,862
Tax at the current tax rate of 19%	8,645,077	4,012,204
Effect of non-taxable income	(9,367,516)	(4,901,433)
Effect of non-deductible expenses	722,439	889,229
Total tax expense	-	-

13. Risk Associated with Financial Instruments

Risk is inherent in the Company's activities but it is managed through a process of ongoing identification, measurement and monitoring, subject to risks limits and other controls. The Company is exposed to market risk (which includes currency risk, interest rate risk and other price risk), credit risk and liquidity risk arising from the financial instruments it holds.

The Company has investment guidelines that set out its overall business strategies, its tolerance for risk and its general risk management philosophy.

The Directors are ultimately responsible for identifying and controlling risk. The Company's assets and liabilities comprise financial instruments which include:

- Investments. These are held with the Company's investment objectives and policies;
- Cash, liquid resources and short-term debtors and creditors that arise directly from its investment activities;
- Financial liabilities whose value is derived from the Company's total liabilities.

The nature and extent of the financial instruments outstanding at the reporting date and the risk management policies employed by the Company are as follows.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices and includes interest rate risk and foreign currency risk. Price movements are influenced by, among other things, changing supply and demand relationships, monetary and exchange control programs, policies of governments, political and economic events, and policies and emotions of the marketplace.

The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. The Company conducts its investment operations in a manner that seeks to exploit the potential gains in the market, while limiting its exposure to market declines and holding an exit strategy for unacceptable market situation.

The Company's income and operating cash flows are substantially independent of changes in market interest rates and the investments are not classified as held for sale therefore, short term fair value variances do not constitute a fundamental risk for the Company.

To manage the market price risk, the Directors will review the performance of the portfolio company on a regular basis and will be in contact with the management of the portfolio company for business and operational matters. The valuation techniques are further discussed in Note 2 and Note 4.

The maximum risk resulting from these financial instruments is determined by the realisable value of the financial instruments which is disclosed in Note 3 and Note 4. The Company's overall positions are managed by the Investment Manager and are monitored on a quarterly basis by the Directors.

13. Risk Associated with Financial Instruments (continued)

Market risk (continued)

Interest rate risk

Interest rate risk is the risk that changes in interest rates will affect future cash flows or the fair values of financial instruments. The Company's exposure to the risk of changes in market interest rates risk relates primarily to the Company's cash and cash equivalents. In the Directors' opinion, interest rate risk is minimal.

The table below summarises the Company's exposure to interest rate risk. It includes the Company's assets and liabilities at fair values, categorised by the earlier of contractual re-pricing or maturity dates.

31 December 2019	Up to 3 months GBP	Fixed interest GBP	Non-interest Bearing GBP	Total GBP
Assets				
Financial assets at FVPL				
Equity instruments	-	-	361,270,372	361,270,372
Loans receivable	-	46,383,972	-	46,383,972
Short term loan receivable	-	-	800,151	800,151
Interest receivable	-	-	345,656	345,656
Cash and cash equivalents	251,430	-	-	251,430
Total assets	251,430	46,383,972	362,416,179	409,051,581
Liabilities				
Loans payable	-	(46,383,972)	-	(46,383,972)
Other liabilities	-	-	(366,087)	(366,087)
Total liabilities	-	(46,383,972)	(366,087)	(46,750,059)

31 December 2018	Up to 3 months GBP	Fixed interest GBP	Non-interest Bearing GBP	Total GBP
Assets				
Financial assets at FVPL				
Equity instruments	-	-	325,870,372	325,870,372
Loans receivable	-	46,383,972	-	46,383,972
Interest receivable	-	-	345,656	345,656
Cash and cash equivalents	10,909,625	-	-	10,909,625
Total assets	10,909,625	46,383,972	326,216,028	383,509,625
Liabilities				
Loans payable	-	(46,383,972)	-	(46,383,972)
Other liabilities	-	-	(1,935,215)	(1,935,215)
Total liabilities	-	(46,383,972)	(1,935,215)	(48,319,187)

Foreign exchange risk

Foreign exchange risk is the risk that the fair value of the future cash flows of a financial instrument will fluctuate due to foreign exchange rates vis-à-vis the functional currency (GBP).

The Company holds monetary assets and liabilities denominated in currencies other than the functional currency. It is therefore exposed to foreign exchange risk, as the value of the financial instruments denominated in other currencies will fluctuate due to the changes in foreign exchange rates. The Investment Manager is responsible for managing the net position of the monetary positions in each foreign currency by using currency derivatives including but not limited to external forward currency contracts and cross currency swaps. In accordance with the Company's policy, the Investment Manager monitors the Company's currency position, including monetary items, on a monthly basis.

13. Risk Associated with Financial Instruments (continued)

Market risk (continued)

Foreign exchange risk (continued)

The principal exchange rates to the GBP used in the preparation of the financial statements are as follows:

	2019	2018
USD	0.75	0.78
EUR	0.89	0.88

As at 31 December 2019 and 2018, the Company had the following exposure to foreign currency. The amounts disclosed are the contractual undiscounted cash flows translated into GBP.

	2019 EUR	2019 USD	2018 EUR	2018 USD
Liabilities				
Other payables	10,618	9,813	11,027	(2,748)
Net exposure	10,618	9,813	(11,027)	(2,748)

The Company's exposure to foreign exchange risk as at 31 December 2019 is not material. Hence, a sensitivity analysis has not been prepared.

Price risk

Price risk is the risk that the fair value of the Company's investments in the Underlying Funds fluctuates as a result of changes in the values of the Underlying Funds' assets. To manage the market price risk, the General Partner will review the performance of the portfolio companies on a regular basis and will be in contact with the management of the portfolio companies for business and operational matters. The impact of market price risk is not easily quantifiable as fair value of unquoted investments is derived using multiple techniques. The valuation techniques are further discussed in Note 2 and Note 4.

Underlying Investment of the Company	Key valuation input	Impact on Net Asset Value 31 December 2019	
		Decrease of 5bps GBP	Increase of 5bps GBP
Luton Airport	Discount rate	1,288,000	(1,295,000)

Underlying Investment of the Company	Key valuation input	Impact on Net Asset Value 31 December 2019	
		Low range of multiple GBP	High range of multiple GBP
Luton Airport	PAX impact (corresponds to number of passengers)	(40,300,000)	56,700,000

Underlying Investment of the Company	Key valuation input	Impact on Net Asset Value 31 December 2018	
		Low range of multiple GBP	High range of multiple GBP
Luton Airport	PAX impact (corresponds to number of passengers)	(48,600,000)	67,100,000

Credit risk

Credit risk is the risk that a counterparty will be unable to meet a commitment it has entered into with the Company. The Company may be adversely impacted by an increase in its credit exposure related to investing, financing, and other activities. The Company is exposed to the potential for credit-related losses that can occur as a result of an individual, counterparty or issuer being unable or unwilling to honour its contractual obligations. These credit exposures exist within financing relationships, commitments and other transactions. These exposures may arise, for example, from a decline in the financial condition of a counterparty. As the Company's credit exposure increases, it could have an adverse effect on the Company's business and profitability if material unexpected credit losses occur.

13. Risk Associated with Financial Instruments (continued)

Credit risk (continued)

It is the Company's policy to enter into financial arrangements with reputable counterparties.

The Investment Manager's policy is to closely monitor the creditworthiness of the Company's counterparties (e.g., custodian and banks) by reviewing their credit ratings, financial statements and press releases on a regular basis.

Credit risk disclosures are segmented into two sections based on whether the underlying financial instrument is subject to IFRS 9's impairment disclosures or not.

Financial assets subject to IFRS 9's impairment requirements

The Company's financial assets subject to the ECL model within IFRS 9 are its loans receivable, short-term receivables and cash. At 31 December 2019, the total of loans, other receivables and cash was GBP 47,781,209 (2018: GBP 57,639,253) on which no loss allowance was provided. These assets are not considered impaired and no amounts have been written off.

As per 31 December 2019 ECL has been computed according to Note 2 resulting in an amount of GBP 7,653. This amount is not material compared to the total amount of shareholder loans. ECL is derived by the formula below: $ECL = \text{probability of default (PD)} \times \text{loss given default (LGD)} \times \text{exposure of default (EAD)}$.

For the PD the parameter used equals 0.11% which is the default probability in 1 year of a company rated by Standard and Poors BBB+, for the LGD is 15% given the average recovery rate on infrastructure projects in the OECD countries is 80%-90% and the EAD is GBP 46,383,972.

The probability of default of Aena (shareholder of 51% of London Luton Airport Holdings III Limited) is 0.1871%, this needs to be considered when considering the probability of default.

Financial assets not subject to IFRS 9's impairment requirements

Equity instruments designated at fair value through profit and loss are not subject to impairment assessment.

The Company's maximum exposure to credit risk in the event that counterparties fail to perform their obligation as at year end, is the carrying of the financial assets as set out below.

	2019 GBP	2018 GBP
Loans receivable	46,383,972	46,383,972
Cash and cash equivalents	251,430	10,909,625
Receivables	1,145,807	345,656
Total	47,781,209	57,639,253

The Company has no significant concentration of credit risk. Cash transactions are limited to financial institutions with credit rating of AA or higher, as rated by Standard & Poor or Moody's. The Company assesses all counterparties for credit risk before contracting with them.

Liquidity risk

Liquidity risk is defined as the risk that the Company may not be able to settle or meet its obligations on time or at a reasonable price.

The Company's financial instruments include investment in unlisted equity investment which are not traded in an organised public market and which may be illiquid. As a result the Company may not be able to promptly liquidate its investment at an amount closer to its liquidity requirements or to respond to specific events such as deterioration in the credit worthiness of any particular issuer. It may be impracticable to assess the exposure to risk in such circumstances.

13. Risk Associated with Financial Instruments (continued)

Liquidity risk (continued)

The table below analyses the Company's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts in the table are the contractual undiscounted cash flows.

	1 to 3 months GBP	3 to 12 months GBP	1 to 5 years GBP	More than 5 years GBP	Total GBP
At 31 December 2019					
Loans payable	-	-	-	46,383,972	46,383,972
Interest payable	-	3,710,718	14,842,871	9,220,879	27,774,468
Accrued expenses	-	366,087	-	-	366,087
Total financial liabilities	-	4,076,805	14,842,871	55,604,851	74,524,527
	1 to 3 months GBP	3 to 12 months GBP	1 to 5 years GBP	More than 5 years GBP	Total GBP
At 31 December 2018					
Loans payable	-	-	-	46,383,972	46,383,972
Interest payable	-	3,710,718	14,842,741	12,941,764	31,495,353
Accrued expenses	-	1,935,215	-	-	1,935,215
Total financial liabilities	-	5,645,933	14,842,741	59,325,736	79,814,540

Capital risk management

The capital of the Company is represented by the share capital, share premium and retained earnings. The Company's objective when managing the capital is to safeguard the ability to continue as a going concern in order to provide returns for partners and benefits for other stakeholders and to maintain a strong capital base to support the development of the investment activities of the Company. In order to maintain or adjust the capital structure, the Directors may call from or distribute funds to the shareholders. The Directors monitor capital on the basis of the total equity.

14. Related Party Transactions

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions.

The Directors are a related party of the Company, being responsible for the financial and operating decisions of the Company. The Directors have no holding in the Company and no remuneration was paid to the Directors for the year ended 31 December 2019.

AMP Capital Investors (UK) Limited (the "Investment Manager") has been appointed as Investment Manager to the Company. The appointment of the Investment Manager shall be without charge to the Company.

The Company's immediate parent company is AMP Capital Investors Crown Midco Limited being the holder of 100% of the Company's issued shares. The Directors believe that there is no ultimate controlling party as there is no one entity which holds a controlling interest in the Company.

The Company has made a short term loan to AMP Capital Investors (European Infrastructure No. 5) S.à r.l., the balance outstanding as at 31 December 2019 was GBP 800,151 (2018: GBP Nil).

14. Operating segment

The Company operates in one operating segment being the holding of the investment in London Luton Airport. No dedicated management reporting information is presented for the Company to a chief decision maker; only the annual financial statements are presented to the management of the Company in analysing its performance.

15. Events after the reporting period

Following the subsequent spread of the virus (identified as a new coronavirus “COVID-19”), on 11 March 2020 the World Health Organisation declared the COVID-19 outbreak to be a pandemic. The COVID-19 pandemic is likely to have a significant impact on many businesses and communities throughout the world. These impacts are likely to affect the businesses to which the Company is exposed. It is too early to predict what the net impact will be on these businesses and therefore the Company. Consequently, a reliable estimate of the financial impact on the Company cannot be made at this stage.

An interest payment of GBP 1,850,276, that was due to be received on 27 May 2020 from London Luton Airport Holdings II Limited, has not been received at the date of signing these accounts. In addition, an interest payment of GBP 1,850,276, that was due to be paid on 27 May 2020 relating to 8% unsecured loan notes payable, has not been paid at the date of signing these accounts

The identification of COVID-19 post-31 December 2019, and its subsequent spread, is considered a non-adjusting subsequent event. The fair value of the Company's assets as at 31 December 2019 reflects the conditions known as at that date and does not factor-in any effect of COVID-19 on those valuations.

According to the June 2020 valuation performed by the external appraiser, the fair value of the Company's stake in the underlying investment, London Luton Airport, has decreased from GBP 408,000,000 as of 31 December 2019 to GBP 323,400,000. This is primarily due to the recent disruption caused by the global outbreak of the COVID-19 which has resulted in numerous travel bans and significant airline capacity reduction.

Since 31 December 2019 there have been no other matters or circumstances not otherwise dealt with in the financial statements that have significantly affected or may significantly affect the Company.