

**LAMINGTON ROAD DESIGNATED ACTIVITY
COMPANY**

Directors' report and financial statements for the financial year
ended 30 November 2022

Company number: 541559

LAMINGTON ROAD DESIGNATED ACTIVITY COMPANY

Directors' Report and Financial Statements

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LAMINGTON ROAD DESIGNATED ACTIVITY COMPANY

Directors and Other Information

Directors	Michael Barry Brennan Robert Knapp Roy Patterson Patrick Brennan Matthew Epstein (resigned 21 September 2022)
Registered Office	1-2 Victoria Buildings Haddington Road Dublin 4 Ireland
Company Registered Number	541559
Company Secretary	Intertrust Management Ireland Limited 1-2 Victoria Buildings Haddington Road Dublin 4 Ireland
Corporate services provider	Intertrust Management Ireland Limited 1-2 Victoria Buildings Haddington Road Dublin 4 Ireland
Independent Auditor	Grant Thornton Chartered Accountants and Statutory Audit Firm 13-18 City Quay Dublin 2 D02 ED70 Ireland
Solicitors	Arthur Cox Ten Earlsfort Terrace Dublin 2 Ireland Faegre Drinker Biddle & Reath LLP 1177 Avenue of the Americas 41 st Floor New York NY 10036

LAMINGTON ROAD DESIGNATED ACTIVITY COMPANY

Directors and Other Information (continued)

Solicitors (continued)

Lowenstein Sandler LLP
One Lowenstein Drive
Roseland
New Jersey 07068
United States of America

Banker

Ulster Bank
Ulster Bank Corporate Centre
Georges Quay
Dublin 2
Ireland

LAMINGTON ROAD DESIGNATED ACTIVITY COMPANY

Directors' Report

The directors present the Directors' Report and the audited financial statements of Lamington Road Designated Activity Company (the "Company") for the financial year ended 30 November 2022.

Principal Activities, Business Review and Future Developments

The Company was incorporated on 27 March 2014 as a limited liability company under the laws of Ireland with company registration number 541559.

The Company was established in order to acquire the partnership interest of Markley Asset Portfolio LLC ("Markley"), a Delaware limited liability company, in White Eagle Asset Portfolio, LP (the "Delaware LP"), a Delaware limited partnership, which holds interests in a certain portfolio of life insurance policies.

In 2014, the Company purchased the Delaware LP for US\$ 84.7 million through the issuance of a US\$ 25.4 million Profit Participating Note ("PPN") and the balance through a US\$ 59.3 million 8.5% promissory note due 2024, with the Company as the issuer and Markley as the noteholder.

In 2016, the Company acquired a portfolio of life insurance policies from a fellow group company for US\$ 79.3 million. These insurance policies were further invested in the Delaware LP.

In 2017, the Company issued a new 5% fixed rate promissory note due in 2027 to Markley by way of satisfaction of the US\$ 57 million interest owing by the Company to Markley under the PPN.

In 2021, the Company underwent a restructure whereby the original PPN and Promissory Notes due to Markley were repaid. To finance the repayment, the Company issued US\$ 54.9 million Profit Participating Notes to Lamington Road Grantor Trust, US\$ 24.8 million Series A Notes and US\$ 66.9 million Series B Notes. The original PPN and Promissory Notes due to Markley were repaid with the proceeds received from the issuance of a new PPN and Series A and Series B Notes. There was a gain of US\$ 111.8 million recognised in the Statement of Comprehensive Income as a result of the restructure.

Principal Risks and Uncertainties

The Company, in the course of its business activities, is exposed to credit, currency and liquidity risk. The Board of Directors ensures that risks are identified and managed in accordance with the objectives of the Company. The financial risks are discussed in more detail in note 22 'Risk and uncertainties' of the Company.

Results for the Financial Year and Dividends

The Statement of Comprehensive Income for the financial year to 30 November 2022 and the Statement of Financial Position at that date are set out on pages 12 and 13. The Company's loss for the financial year before taxation amounted to US\$ 13,189,565 (2021: profit US\$ 92,185,291).

No interim dividends were paid during the financial year (2021: Nil). No dividends were recommended by the directors (2021: Nil).

LAMINGTON ROAD DESIGNATED ACTIVITY COMPANY

Directors' Report (continued)

Directors' and Secretary's Interests

The directors, who held office at any time during the financial year, were as follows:

Matthew Epstein (USA) (resigned 21 September 2022)

Michael Barry Brennan (IE)

Robert Knapp (USA)

Roy Patterson (USA)

Patrick Brennan (USA)

Intertrust Management (Ireland) Limited was secretary of the company for the financial year.

The Directors and the Company Secretary who held office at 30 November 2022 do not have any direct or beneficial interest in the shares of the Company, or any group company at the date of incorporation, during the financial year or at the end of the financial year (2021: US\$ Nil).

Transactions Involving Directors

Brennan Opportunities Fund I LP (BOF) holds 10.2 million trust certificates and \$7.7 million of Series A notes as of 30 November 2022. Brennan Asset Management LLC (BAM) is the General Partner of BOF. Patrick Brennan is the president of BAM. As of 30 November 2022, various funds controlled by Ironside Partners, LLC hold 546 trust certificates and \$41.4 million of Series B notes. Robert Knapp is an employee of Ironside Partners LLC. As of the date of this filing, an entity where Robert Knapp is the beneficiary but has no investing control or discretion owns 546 trust certificates and \$4.3 million of Series B notes. Various funds controlled by Evermore Global Advisors, LLC ("EGA") hold \$33 million of Series A notes as of 30 November 2022. Matthew Epstein was a former employee of EGA but was no longer employed by EGA as of 30 November 2022. Matthew Epstein resigned from the Board of Lamington on 21 September 2022. Various funds controlled by River City Management hold trust certificates and are a limited partner to a fund which indirectly owns trust certificates and Series A notes. Roy Patterson is an employee of River City Management and personally holds 0.6 million trust certificates. The Lamington Road Grantor Trust was created by Trust Deed dated 1 March 2021 entered into between Emergent Capital, Inc. as Grantor and Maples Trustee Services (Cayman) Limited, as Trustee (The Lamington Road Grantor Trust). The Trust Estate of the Lamington Road Grantor Trust comprises the Profit Participation Notes issued by Lamington. The Lamington Road Grantor Trust issued trust certificates. As of 30 November 2022, there were 171.5 million trust certificates outstanding.

All transactions with directors were at arm's length.

Directors' fees of US\$ 131,733 (2021: US\$ 173,611) were paid during the financial year.

There were no other contracts or arrangements in relation to the business of the Company in which the Directors had any interest, as defined by the Companies Act 2014, at any time during the financial year.

Political Donations

The Company did not make any political donations during the financial year (2021: US\$ Nil).

Going Concern

The PPN issued by the Company is of limited recourse. The Company has continued to receive investment income since year end and the Directors expect the present level of activity to continue and that there will be sufficient income to meet the Company's liabilities as they fall due. On this basis, the Directors consider it appropriate to prepare the financial statements on a going concern assumption.

Events After the Financial Year

Section 3.3 of Lamington's Indenture permits the Company to repurchase Series A and/or Series B Notes in the open market so long as the Company maintains its Minimum Cash Balance. Pursuant to that resolution, the Company repurchased a \$5,500,000 in face amount of the Series B Notes on 9 December 2022. These Series B Notes were delivered to U.S. Bank, as Trustee under the Indenture, for cancellation.

LAMINGTON ROAD DESIGNATED ACTIVITY COMPANY

Directors' Report (continued)

Events After the Financial Year (Continued)

On 31 December 2022, the Company paid in cash 100 percent of the Series A Note interest payable for the 6-month period ending December 31, 2022. The Series A cash interest payment totaled \$2,672,872. With respect to the Series B Note interest, the Company paid PIK Interest (in lieu of cash payment) on 100 percent of the Series B Notes outstanding for the 6-month period ending December 31, 2022. The PIK interest portion of the Series B Note payment totaled \$2,502,901. After the 31 December 2022 interest payment date, the outstanding principal amount of the Series A Notes was \$54,828,153. Following the cancellation of the Series B Notes repurchased by the Company, the outstanding principal amount of the Series B Notes was \$68,321,863, considering both the payment of PIK Interest on 31 December 2022, and the retirement of the Series B Notes repurchased on 9 December 2022.

On 9 December 2022, James McGlone was appointed as alternate Director to Patrick Brennan, and subsequently resigned on 14 December 2022. On 9 December 2022, David Greene was appointed as alternate Director to Roy Patterson, and subsequently resigned on 14 December 2022.

There are no other significant events affecting the Company since the end of the financial year.

Accounting Records

The Directors are responsible for ensuring that proper books and accounting records, as outlined in Section 285 of the Companies Act 2014, are kept by the Company. To achieve this, the Directors have appointed Intertrust Management Ireland Limited ("IMI") to provide accounting services, which report to the Board and ensure that the requirements of Section 202 of the Companies Act 2014, are complied with. The books of account of the Company are maintained at 1-2 Victoria Buildings, Haddington Road, Dublin 4.

Audit Committee

Section 167 of the Companies Act 2014 requires the directors of a company over a particular size to either establish an audit committee or to explain why they have decided not to establish one. The Company is below this size limit.

Directors' Compliance Statement

At this present time, the Company is operating within the balance sheet and turnover threshold limits as set out under Section 225 (7) of the Companies Act 2014, which enables the Company to avail of an exemption to the Compliance Policy Statement obligations. Accordingly, the Directors are not required to include a Compliance Statement in their statutory Directors' report for the current financial year ending.

Auditor

Grant Thornton, Chartered Accountants and Statutory Audit Firm have expressed their willingness to continue in the office in accordance with Section 383(2) of the Companies Act 2014.

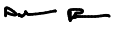
Shareholder Meetings

The shareholder's rights and the operations of the shareholder's meetings are defined in the Company's constitution and comply with the Companies Act 2014.


Directors' Statement on Relevant Audit Information

As far as the Directors are aware, there is no relevant audit information of which the statutory auditors are unaware. The directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and they have established that the statutory auditors are aware of that information.

The financial statements were approved and authorised for issue by the Board of Directors on 31 March 2023 and signed on its behalf by:



Patrick Brennan (Director)



Michael Barry Brennan (Director)

LAMINGTON ROAD DESIGNATED ACTIVITY COMPANY

Directors' Responsibilities Statement

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


Irish Company law requires the Directors to prepare financial statements for each financial year giving a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. Under the law the Directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union ("EU"). Under Company Law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the assets, liabilities and financial position of the Company as at the financial year end date and of the profit and loss of the Company for the financial year and otherwise comply with the Companies Act 2014.

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


- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether the financial statements have been prepared in accordance with applicable accounting standards and note the effect and reasons for any material departure from these standards; 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 ensuring that the Company keeps or causes to be kept adequate accounting records which correctly explain and record the transactions of the Company, enable at any time the assets, liabilities, financial position and profit or loss of the Company to be determined with reasonable accuracy, enable them to ensure that the financial statements and Directors' report comply with the Companies Act 2014 and enable the financial statements to be audited. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

These financial statements conform with the aforementioned requirements.



Patrick Brennan (Director)



Michael Barry Brennan (Director)

Independent auditor's report to the members of Lamington Road Designated Activity Company

Opinion

We have audited the financial statements of Lamington Road Designated Activity Company (“the Company”), which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity and the Statement of Cash Flows for the financial year ended 30 November 2022, and the related notes to the financial statements, including the summary of significant accounting policies.

The financial reporting framework that has been applied in the preparation of the financial statements is Irish law and International Financial Reporting Standards (IFRS) as adopted by the European Union.

In our opinion, the Company's financial statements:

- give a true and fair view in accordance with IFRS as adopted by the European Union of the assets, liabilities and financial position of the Company as at 30 November 2022 and of its financial performance and cash flows for the financial year then ended; and
- have been properly prepared in accordance with the requirements of the Companies Act 2014.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (Ireland) (‘ISAs (Ireland)’) and applicable law. Our responsibilities under those standards are further described in the ‘Responsibilities of the auditor for the audit of the financial statements’ section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Ireland, including the Ethical Standard for Auditors (Ireland) issued by the Irish Auditing and Accounting Supervisory Authority (IAASA), and the ethical pronouncements established by Chartered Accountants Ireland, applied as determined to be appropriate in the circumstances for the entity. We have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

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

Independent auditor's report to the members of Lamington Road Designated Activity Company

Other information

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies in the financial statements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact.

We have nothing to report in this regard.

Matters on which we are required to report by the Companies Act 2014

- We have obtained all the information and explanations which we consider necessary for the purposes of our audit.
- In our opinion the accounting records of the Company were sufficient to permit the financial statements to be readily and properly audited.
- The financial statements are in agreement with the accounting records.
- In our opinion the information given in the Directors' report is consistent with the financial statements. Based solely on the work undertaken in the course of our audit, in our opinion, the Directors' report has been prepared in accordance with the requirements of the Companies Act 2014.

Matters on which we are required to report by exception

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

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

Independent auditor's report to the members of Lamington Road Designated Activity Company

Responsibilities of management and those charged with governance for the financial statements

As explained more fully in the Directors' responsibilities statement, management is responsible for the preparation of the financial statements which give a true and fair view in accordance with IFRS as adopted by the European Union, and for such internal control as they determine 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, management 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 management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Responsibilities of the auditor for the audit of the financial statements

The auditor's 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 their opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (Ireland) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs (Ireland), the auditor will exercise professional judgment and maintain professional scepticism throughout the audit. The auditor will 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 their 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 [group and] company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

Independent auditor's report to the members of Lamington Road Designated Activity Company

Responsibilities of the auditor for the audit of the financial statements (continued)

- Conclude on the appropriateness of management's 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 [group and] company's ability to continue as a going concern. If they conclude that a material uncertainty exists, they are required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify their opinion. Their conclusions are based on the audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause the [group or] 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 a true and fair view.

The auditor communicates 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 may be identified during the audit.

The auditor also provides those charged with governance with a statement that they have complied with relevant ethical requirements regarding independence, including the Ethical Standards for Auditors (Ireland), and communicates with them all relationships and other matters that may reasonably be thought to bear on their independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, the auditor determines those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. These matters are described in the auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, the auditor determines that a matter should not be communicated in the report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.



Independent auditor's report to the members of Lamington Road Designated Activity Company

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

This report is made solely to the company's members, as a body, in accordance with section 391 of the Companies Act 2014. 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.

A handwritten signature in black ink that reads "Sarah Bradley". The signature is fluid and cursive, with the first name "Sarah" and the last name "Bradley" clearly distinguishable.

Sarah Bradley

For and on behalf of

Grant Thornton

Chartered Accountants & Statutory Audit Firm

Dublin

Date: 31 March 2023

Statement of Comprehensive Income
For the financial year ended 30 November 2022

	Notes	Financial year ended 30-Nov-22 US\$	Financial year ended 30-Nov-21 US\$
Investment (loss) / income	4	(1,469,420)	32,167,118
Interest expenses and similar charges	5	<u>(10,216,469)</u>	<u>(19,049,331)</u>
Operating (loss) / profit		(11,685,889)	13,117,787
Administrative expenses	6	(1,503,672)	(937,917)
Diminution in value of investments	7	-	(31,850,010)
Derecognition of subsidiary	8	-	(1)
Gain on restructure	9	<u>-</u>	<u>111,855,432</u>
(Loss) / profit for the financial year before taxation		(13,189,561)	92,185,291
Corporation tax expense	10	<u>(4)</u>	<u>-</u>
(Loss) / profit for the financial year after taxation		(13,189,565)	92,185,291
Other comprehensive income		-	-
Total comprehensive (loss) / profit for the financial year		<u>(13,189,565)</u>	<u>92,185,291</u>

The accompanying notes on pages 16 to 32 form an integral part of these financial statements.

The Company has no recognised gains or losses in the financial year other than those included within the Statement of Comprehensive Income. All items relate to continuing operations.

LAMINGTON ROAD DESIGNATED ACTIVITY COMPANY

Statement of Financial Position

as at 30 November 2022


	Notes	As at 30-Nov-22 US\$	As at 30-Nov-21 US\$
Non-current assets			
Investment in associate	11	108,480,186	111,957,865
Investment in subsidiaries	12	88,507	88,507
Current assets			
Cash and cash equivalents	13	6,504,793	11,361,302
Other receivables	14	183,815	181,664
Total assets		<u>115,257,301</u>	<u>123,589,338</u>
Non-current liabilities			
Profit participating note	15	54,893,278	54,893,278
Series notes	16	126,339,614	121,740,654
Current liabilities			
Promissory notes payable	17	-	-
Trade and other payables	18	14,042,425	13,783,857
Total liabilities		<u>195,275,317</u>	<u>190,417,789</u>
Equity			
Share capital	19	1	1
Retained deficit		(80,018,017)	(66,828,452)
Total equity		<u>(80,018,016)</u>	<u>(66,828,451)</u>
Total equity and liabilities		<u>115,257,301</u>	<u>123,589,338</u>

The accompanying notes on pages 16 to 32 form an integral part of these financial statements.

Approved by the Board and authorised for issue on 31 March 2023.



Patrick Brennan (Director)



Michael Barry Brennan (Director)

LAMINGTON ROAD DESIGNATED ACTIVITY COMPANY

Statement of Changes in Equity

for the financial year ended 30 November 2022

	Ordinary share capital US\$	Retained deficit US\$	Total equity US\$
As at 1 December 2020	1	(159,013,743)	(159,013,742)
Total comprehensive income	-	92,185,291	92,185,291
Balance at 30 November 2021	<u>1</u>	<u>(66,828,452)</u>	<u>(66,828,451)</u>
Total comprehensive loss	-	(13,189,565)	(13,189,565)
Total at 30 November 2022	<u><u>1</u></u>	<u><u>(80,018,017)</u></u>	<u><u>(80,018,016)</u></u>

The accompanying notes on pages 16 to 32 form an integral part of these financial statements.

LAMINGTON ROAD DESIGNATED ACTIVITY COMPANY

Statement of Cash Flows

for the financial year ended 30 November 2022

	Financial year ended 30-Nov-22 US\$	Financial year ended 30-Nov-21 US\$
Cash flows from operating activities		
(Loss) / profit for the financial period before tax	(13,189,561)	92,185,291
<i>Add/(deduct) non-cash effects on operating income:</i>		
Investment (loss) / income	1,469,420	(32,167,118)
Interest on Promissory Notes	-	19,049,331
Interest payable and similar charges	10,216,469	-
Derecognition of subsidiary	-	1
Diminution in value of investments	-	31,850,010
Share of LP results	12,918,801	(26,167,125)
Gain on restructure	-	(111,855,432)
	<u>11,415,129</u>	<u>(27,105,042)</u>
(Increase) in receivables	(2,152)	(178,959)
Increase in payables	77,461	262,828
Corporation tax paid	(4)	-
Net cash inflows / (outflows) from operations	11,490,434	(27,021,173)
Cash flow from investing activities		
Payments for capital contributions into the LP*	(16,607,782)	-
Distributions received from LP	7,166,660	7,999,904
Investment (loss) / income	(1,469,420)	32,167,118
Net cash (outflows) / inflows from investing activities	(10,910,542)	40,167,022
Cash flow from financing activities		
Promissory note repayments	-	(121,112,459)
Promissory interest paid	-	(2,359,565)
PPN issued	-	54,893,278
PPN repayments	-	(53,182,972)
Loan notes issued	-	119,261,752
Series note interest paid	(5,436,401)	-
Net cash outflows from financing activities	(5,436,401)	(2,499,966)
Net (decrease) / increase in cash and cash equivalents	(4,856,509)	10,645,883
Cash and cash equivalents at beginning of the financial year	<u>11,361,302</u>	<u>715,419</u>
Cash and cash equivalents at the end of the financial year	<u>6,504,793</u>	<u>11,361,302</u>
Cash at bank	<u>6,504,793</u>	<u>11,361,302</u>
	<u>6,504,793</u>	<u>11,361,302</u>

*The figure is inclusive of \$5,679,985 non-cash contribution paid on behalf of the Company.

The accompanying notes on pages 16 to 32 form an integral part of these financial statements.

LAMINGTON ROAD DESIGNATED ACTIVITY COMPANY

Notes to the financial statements

for the financial year ended 30 November 2022

1. General information

Lamington Road Designated Activity Company (the “Company”) is a designated activity company limited by shares incorporated on 27 March 2014 and is domiciled in the Republic of Ireland. The address of the registered office of the Company is 1-2 Victoria Buildings, Haddington Road, Dublin 4. The Company is a qualifying company within the meaning of Section 110 of the Taxes Consolidation Act, 1997.

2. Basis of preparation

(a) Statement of compliance

The financial statements have been prepared in accordance with the Companies Act 2014 and International Financial Reporting Standards (“IFRSs”) as adopted by the EU.

(b) Basis of preparation

The financial statements have been prepared on a going concern and a historical cost basis.

The financial statements are presented in United States dollar (US\$) and all amounts are rounded to the nearest dollar.

(c) Significant accounting judgements, estimates and assumptions

The preparation of the financial report in conformity with IFRSs requires the Directors to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. These estimates and associated assumptions are based upon historical experience and various other 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.

The principal uses of judgement and sources of estimation uncertainty arise with respect to the determination of fair value for certain of the Company’s financial assets and liabilities. This includes the valuation of the associate. See note 22 “Fair value of financial instruments”.

The directors have assessed that they do not have significant influence on the associate or subsidiary since they do not participate in the financial or operational decisions of the entities.

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

(d) Functional and presentation currency

These financial statements are presented in US\$ which is the Company’s functional currency. Functional currency is the currency of the primary economic environment in which the entity operates. The issued share capital of the Company is denominated in US\$. The Directors of the Company believe that US\$ most faithfully represents the economic effects of the underlying transactions, events and conditions.

3. Significant accounting policies

(a) New and amended IFRS standards that are effective for the current year

In the current year, the Company has applied the below amendments to IFRS Standards and Interpretations that are effective for an annual period that begins on or after 1 January 2022. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

LAMINGTON ROAD DESIGNATED ACTIVITY COMPANY

Notes to the financial statements (continued)

for the financial year ended 30 November 2022

3. Significant accounting policies (continued)

1) Amendments to IFRS 3 (*Business Combination*) – Reference to the Conceptual Framework

The amendments update IFRS 3 so that it refers to the 2018 Conceptual Framework instead of the 1989 Framework. They also add to IFRS 3 a requirement that, for obligations within the scope of IAS 37, an acquirer applies IAS 37 to determine whether at the acquisition date a present obligation exists as a result of past events. For a levy that would be within the scope of IFRIC 21 Levies, the acquirer applies IFRIC 21 to determine whether the obligating event that gives rise to a liability to pay the levy has occurred by the acquisition date.

Finally, the amendments add an explicit statement that an acquirer does not recognise contingent assets acquired in a business combination. These amendments have no impact on the financial statements of the Company.

(b) New and revised IFRS standards in issue but not yet effective

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Company's financial statements are disclosed below. The Company intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

- 1) Amendments to IAS 1 (Presentation of Financial Statements) – Classification of Liabilities as Current or Non-current
- 2) Annual Improvements to IFRS Standards 2018–2020 (amendments to IFRS 1 and IFRS 9)
- 3) Amendments to IAS 12 Income Taxes –Deferred Tax related to Assets and Liabilities arising from a Single Transaction

1) Amendments to IAS 1 (*Presentation of Financial Statements*) – Classification of Liabilities as Current or Non-current

The amendments to IAS 1 affect only the presentation of liabilities as current or non-current in the statement of financial position and not the amount or timing of recognition of any asset, liability, income or expenses, or the information disclosed about those items.

The amendments clarify that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period, specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability, explain that rights are in existence if covenants are complied with at the end of the reporting period, and introduce a definition of 'settlement' to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.

The amendments are applied retrospectively for annual periods beginning on or after 1 January 2023, with early application permitted. The amendments are not expected to have a material impact on the Company.

2) Annual Improvements to IFRS Standards 2018–2020

(a) IFRS 1 (*First-time Adoption of International Financial Reporting Standards*) – *Subsidiary as a first-time adopter*

The amendment provides additional relief to a subsidiary which becomes a first-time adopter later than its parent in respect of accounting for cumulative translation differences. As a result of the amendment, a subsidiary that uses the exemption in IFRS 1:D16 (a) can now also elect to measure cumulative translation differences for all foreign operations at the carrying amount that would be included in the parent's consolidated financial statements, based on the parent's date of transition to IFRS Standards, if no adjustments were made for consolidation procedures and for the effects of the business combination in which the parent acquired the subsidiary. A similar election is available to an associate or joint venture that uses the exemption in IFRS 1:D16 (a).

The amendment is effective for annual periods beginning on or after 1 January 2022, with early application permitted. The amendments are not expected to have a material impact on the Company.

LAMINGTON ROAD DESIGNATED ACTIVITY COMPANY

Notes to the financial statements (continued)

for the financial year ended 30 November 2022

3. Significant accounting policies (continued)

(b) New and revised IFRS Standards in issue but not yet effective (continued)

(b) IFRS 9 (Financial Instruments) - Fees in the '10 per cent' test for derecognition of financial liabilities

The amendment clarifies that in applying the '10 per cent' test to assess whether to derecognise a financial liability, an entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf.

The amendment is applied prospectively to modifications and exchanges that occur on or after the date the entity first applies the amendment.

The amendment is effective for annual periods beginning on or after 1 January 2022, with early application permitted. The Company will apply the amendments to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

The amendments are not expected to have a material impact on the Company.

4) Amendments to IAS 12 Income Taxes –Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The amendments introduce a further exception from the initial recognition exemption. Under the amendments, an entity does not apply the initial recognition exemption for transactions that give rise to equal taxable and deductible temporary differences.

Depending on the applicable tax law, equal taxable and deductible temporary differences may arise on initial recognition of an asset and liability in a transaction that is not a business combination and affects neither accounting nor taxable profit. For example, this may arise upon recognition of a lease liability and the corresponding right-of-use asset applying IFRS 16 at the commencement date of a lease.

Following the amendments to IAS 12, an entity is required to recognise the related deferred tax asset and liability, with the recognition of any deferred tax asset being subject to the recoverability criteria in IAS 12.

The Board also adds an illustrative example to IAS 12 that explains how the amendments are applied.

The amendments apply to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, at the beginning of the earliest comparative period an entity recognises:

- A deferred tax asset (to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised) and a deferred tax liability for all deductible and taxable temporary differences associated with:
 - Right-of-use assets and lease liabilities
 - Decommissioning, restoration and similar liabilities and the corresponding amounts recognised as part of the cost of the related asset
- The cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at that date.

The amendments are effective for annual reporting periods beginning on or after 1 January 2023, with earlier application permitted by the IASB.

LAMINGTON ROAD DESIGNATED ACTIVITY COMPANY

Notes to the financial statements (continued)

for the financial year ended 30 November 2022

3. Significant accounting policies (continued)

(c) Financial instruments

The financial instruments held by the Company include the following:

- Financial assets measured at amortised cost
- Financial assets measured at cost less diminution in value
- Financial assets under equity method of accounting
- Financial liabilities measured at amortised cost

Classification

IFRS 9 establishes specific categories into which all financial assets and financial liabilities must be classified. The classification of financial instruments determines how these financial assets or liabilities are initially and subsequently measured in the financial statements. There are two categories of financial assets: financial assets at fair value through profit or loss and financial assets measured at amortised cost. There are two categories of financial liabilities: financial liabilities at fair value through profit or loss and other financial liabilities at amortised cost.

The investment in the associate is accounted for under the equity method of accounting.

The investment in the subsidiary is carried at cost less provision for any diminution in value.

Financial liabilities at amortised cost include the Series A and Series B Notes and all other current liabilities. The PPN is designated at fair value through profit or loss at initial recognition and subsequently at cost, as doing so eliminates or significantly reduces a measurement or recognition inconsistency.

Recognition

The Company recognises all financial assets and liabilities on the trade date at which the Company becomes a party to the contractual provisions of the instrument.

De-recognition

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire or it transfers the right to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in a transferred financial asset that is created or retained by the Company is recognised as a separate asset or liability. The Company derecognises a financial liability when its contractual obligations are discharged, cancelled or have expired.

Initial measurement

IFRS 9 requires those financial instruments classified at fair value through profit or loss to be measured initially at fair value, with transaction costs recognised directly in the Statement of Comprehensive Income.

Subsequent measurement

Subsequent to initial recognition, all instruments classified as at amortised cost, are measured at amortised cost under the effective interest method. Subsequent to initial recognition, all instruments classified under the equity method of accounting are measured using the equity method.

LAMINGTON ROAD DESIGNATED ACTIVITY COMPANY

Notes to the financial statements (continued)

for the financial year ended 30 November 2022

3. Significant accounting policies (continued)

(c) Financial instruments (continued)

Offsetting financial instruments

Financial assets and liabilities, including derivatives, are offset and the net amount reported in the Statement of Financial Position when there is a legally enforceable right to offset the recognised amounts and where there is an intention to settle on a net basis. As at the year ended 30 November 2022 and 2021, there were no assets or liabilities that have been offset.

(d) Investment income and interest payable

Investment income is recognised as received. Interest expense is recognised in the Statement of Comprehensive Income on an accrual basis at the effective interest rate.

(e) Foreign currency

The financial statements are prepared in US\$ and accordingly foreign currency transactions are translated at the spot rate of exchange on the day the transaction occurs. Monetary assets and liabilities denominated in currencies other than US\$ are translated into US\$ at exchange rates prevailing at the end of the financial year. Non-monetary assets and liabilities are stated at cost based on the exchange rate prevailing at the transaction date. All exchange differences are included in the Statement of Comprehensive Income under foreign currency movements on investments and other foreign currency movements.

(f) Cash and cash equivalents

Cash and cash equivalents comprise of amounts due from banks and other short-term investments that are convertible into cash with an insignificant risk of changes in value and with original maturities of less than 90 days.

(g) Other receivables

Other receivables are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses. A provision for impairment of other receivables is recognised when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivable. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the trade receivable is impaired. There is no impairment recognised in the current financial year (2021: US\$ Nil).

(h) Other payables

Other payables are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method.

(i) Taxation

The Company is an Irish registered company and is structured to qualify as a securitisation company under Section 110 of the Taxes Consolidation Act, 1997. The Company generates net income for Irish corporation tax purposes which is liable to Irish corporation tax at 25%.

Deferred tax

Deferred tax is provided on temporary difference at the reporting date between the tax bases of assets and liabilities and their carrying amount for financial reporting purposes. Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised.

LAMINGTON ROAD DESIGNATED ACTIVITY COMPANY

Notes to the financial statements (continued)

for the financial year ended 30 November 2022

3. Significant accounting policies (continued)

(i) Taxation (continued)

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that is no longer probable that sufficient taxable profits will be available to allow all or part of deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that the future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured on an undiscounted basis at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

(j) Expenses

All expenses are recognised in the Statement of Comprehensive Income on an accrual basis.

4. Investment income

	Financial year ended 30-Nov-22 US\$	Financial year ended 30-Nov-21 US\$
Share of the LP results	(12,918,801)	26,167,125
Investment income	5,769,411	5,999,993
Non-cash contribution made on behalf of Lamington Road DAC	5,679,970	-
	<u>(1,469,420)</u>	<u>32,167,118</u>

Investment income relates to the Company's share of the results of its associate, White Eagle Asset portfolio, LP. No distributions received during the current financial year from the associate is recognised as income and/or losses due to the equity method of accounting. For further details on the non-cash contribution, please refer to Note 11 – Investment in Associate.

5. Interest expenses and similar charges

	Financial year ended 30-Nov-22 US\$	Financial year ended 30-Nov-21 US\$
Interest on Promissory notes	-	(3,115,152)
Interest on Series Notes	(10,216,469)	(6,740,794)
Interest payable on PPN	-	(9,193,385)
	<u>(10,216,469)</u>	<u>(19,049,331)</u>

LAMINGTON ROAD DESIGNATED ACTIVITY COMPANY

Notes to the financial statements (continued)

for the financial year ended 30 November 2022

6. Administrative expenses

	Financial year ended 30-Nov-22 US\$	Financial year ended 30-Nov-21 US\$
Professional fees	(851,656)	(376,544)
Legal fees	(436,384)	(377,439)
Directors' fees	(131,733)	(173,611)
Other expenses	(77,885)	(7,614)
Realised foreign exchange loss	(6,014)	(2,709)
	<u>(1,503,672)</u>	<u>(937,917)</u>
	Financial year ended 30-Nov-22 US\$	Financial year ended 30-Nov-21 US\$
Auditor's remuneration in respect of the financial year (excluding VAT):		
- audit of the financial statements	(17,634)	(18,749)
- tax compliance services	(2,923)	(3,201)
	<u>(20,557)</u>	<u>(21,950)</u>

Audit fees for the current financial year arise solely as fees incurred for the statutory audit and tax compliance services. The Company is administered on behalf of the Directors by IMI and has no employees.

7. Diminution in value of investments in associate

	Financial year ended 30-Nov-22 US\$	Financial year ended 30-Nov-21 US\$
Write down of investment	-	(31,850,010)
	<u>-</u>	<u>(31,850,010)</u>

At the end of the financial year a write down of the investment of US \$Nil (2021: US\$ 31,850,010) was recognised. Refer to note 11 for further detail regarding the write down of the investment.

8. Derecognition of subsidiary

	Financial year ended 30-Nov-22 US\$	Financial year ended 30-Nov-21 US\$
Derecognition of subsidiary	-	(1)
	<u>-</u>	<u>(1)</u>

Lamington Road Bahamas was dissolved during the prior financial year. The Company realised a loss on derecognition of US\$1.

LAMINGTON ROAD DESIGNATED ACTIVITY COMPANY

Notes to the financial statements (continued)

for the financial year ended 30 November 2022

9. Gain on restructure

	Financial year ended 30-Nov-22 US\$	Financial year ended 30-Nov-21 US\$
Gain on restructure	-	111,855,432
	<u>-</u>	<u>111,855,432</u>

During the prior financial year, there was a restructure of the Company. The Company repaid the original PPN and Promissory Notes due to Markley with the proceeds from the issuance of new PPN and Series A and Series B Notes. There was a gain of US\$ 111.8 million recognised in the Statement of Comprehensive Income due to the restructure as the original PPN and notes were settled at a discount.

10. Corporation tax expense

The current tax credit for the financial year is higher than the current credit that would result from applying the 12.5% rate of corporation tax to profit on ordinary activities. These differences are explained below.

	Financial year ended 30-Nov-22 US\$	Financial year ended 30-Nov-21 US\$
(Loss) / profit for the financial year before taxation	<u>(13,189,561)</u>	<u>92,185,291</u>
(Loss) / profit on ordinary activities multiplied by the standard rate		
of Irish corporation tax for the financial year of 12.5%	(1,648,695)	11,523,161
Higher rate of tax applicable under Section 110 of the TCA	(1,648,695)	11,523,161
Tax loss carry forward not recognised	3,297,386	-
Utilisation of tax losses carried forward	-	(23,046,323)
Current tax charge for the financial year	<u>(4)</u>	<u>-</u>

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

11. Investment in associate

	As at 30-Nov-22 US\$	As at 30-Nov-21 US\$
<i>White Eagle Asset Portfolio, LP</i>		
Opening balance	111,957,865	125,640,654
Capital contribution	16,607,782	-
Distributions received from the LP	(7,166,660)	(7,999,904)
Share of LP results	(12,918,801)	26,167,125
Diminution in value of investments	-	(31,850,010)
	<u>108,480,186</u>	<u>111,957,865</u>

LAMINGTON ROAD DESIGNATED ACTIVITY COMPANY

Notes to the financial statements (continued)

for the financial year ended 30 November 2022

11. Investment in associate (continued)

In 2014, the Company purchased the Delaware LP for US\$ 84.7 million.

In December 2016, the Company purchased a portfolio of life insurance policies from a fellow group company for US\$ 79,298,943. These life insurance policies were transferred by the Company to White Eagle Asset Portfolio, LP as an additional capital contribution.

On 16 August 2019 White Eagle Asset Portfolio, LP sold 72.5% of its limited partnership interests to Palomino JV, LP for approximately US\$ 366.2m. The Company retained 27.5% of White Eagle's limited partnership.

During the financial year ended 30 November 2022, the carrying value of the investment in White Eagle Asset Portfolio, LP was written down by US\$Nil (2021: US\$ 31,850,010). The carrying value of the investment is derived using the majority owner's valuation at year end. Any valuation is based on numerous inputs and actual valuation may be higher or lower than the stated value.

As of 30 November 2022, the Company's \$108.5 million (2021: US\$112 million) investment in associate White Eagle included \$90.7 million (2021: \$101.4 million) attributed to the Company's Class B interest and \$17.7 million (2021: \$10.6 million) attributed to the "Advance Facility" which is the facility through which advances are made to fund, if required, the Company's pro rata share of premium and expenses in connection with White Eagle. The balance of the Company's Class B interest and the Advance Facility are consolidated in the majority partner's financial statements. The Company has no obligation to directly fund the Advance Facility, with any advances made pursuant to the Advance Facility being secured by the Company's Class B interest in White Eagle. As of 30 November 2022, the Class D balance was \$0 (2021: \$10.3 million). During the year ended 30 November 2022, \$5.7 million of advances to the Advance Facility were offset against the Company's 27.5% share of attributed losses, and the \$10.9 million repayment of the Class D return was directly financed by the Company.

Financial information of the Company's associate White Eagle Asset Portfolio, LP is summarised below:

	As at	As at
	30-Nov-22	30-Nov-21
	US\$	US\$
<i>White Eagle Asset Portfolio, LP</i>		
Total assets	551,337,308	515,070,194
Total liabilities	199,737	309,860
Total revenue for the year	548,993	1,361,806
Total profit for the year	30,732,904	70,401,360

As of 30 November 2022, the White Eagle portfolio included 429 policies with a cumulative face value of approximately \$2.1 billion. The average age of the policy holders was 87.3 years as of 30 November 2022. The cumulative face value should not be construed as the cash that is ultimately returned to Lamington as it does not account for the costs of maintaining the policies in the White Eagle portfolio nor the preferred return due to the majority partner.

LAMINGTON ROAD DESIGNATED ACTIVITY COMPANY

Notes to the financial statements (continued)

for the financial year ended 30 November 2022

12. Investment in subsidiaries

	As at 30-Nov-22	As at 30-Nov-21
	US\$	US\$
White Eagle General Partner, LLC	88,507	88,507
Lamington Road Bahamas	-	-
	<u>88,507</u>	<u>88,507</u>
Cost		
As at 1 December 2021	88,507	88,508
Derecognition of subsidiary	-	(1)
	<u>88,507</u>	<u>88,507</u>

The Company holds 100% of the issued share capital of the Subsidiary. The investment in the Subsidiary is held at cost and in the opinion of the directors, the Company's investment is worth at least the amount at which they are stated in the Statement of Financial Position.

During the financial year ended 30 November 2021, Lamington Road Bahamas was dissolved. The Company realised a loss on derecognition of US \$ 1. White Eagle General Partner, LLC's registered address is One Lane Hill, East Broadway, Hamilton HM19, Bermuda.

13. Cash and cash equivalents

	As at 30-Nov-22	As at 30-Nov-21
	US\$	US\$
Cash at bank	6,504,793	11,361,302
	<u>6,504,793</u>	<u>11,361,302</u>

Cash at bank represents balances held with Ulster Bank Ireland DAC.

14. Other receivables

	As at 30-Nov-22	As at 30-Nov-21
	US\$	US\$
Prepaid fees	169,216	162,520
Share capital receivable	1	1
VAT receivable	14,598	19,143
	<u>183,815</u>	<u>181,664</u>

LAMINGTON ROAD DESIGNATED ACTIVITY COMPANY

Notes to the financial statements (continued)

for the financial year ended 30 November 2022

15. Profit participating note

	As at 30-Nov-22 US\$	As at 30-Nov-21 US\$
Profit participating note	<u>54,893,278</u>	<u>54,893,278</u>
Opening balance	54,893,278	72,854,113
Drawdowns	-	54,893,278
Repayments	-	(72,854,113)
	<u>54,893,278</u>	<u>54,893,278</u>
Repayable in:		
Within 1 year	-	-
Over 5 years	<u>54,893,278</u>	<u>54,893,278</u>
	<u>54,893,278</u>	<u>54,893,278</u>

In 2014, the Company issued a Profit Participation Note due 2054 (the “PPN”) to Markley as part of the purchase consideration for the Delaware LP. In December 2016, the Company purchased a portfolio of life insurance policies from a fellow group company for US\$ 79,298,944 which was funded through the PPN.

During the first half of 2021, the PPN to Markley was repaid at a discount. The Company issued a new PPN in April 2021 which is due to mature on 7 April 2121.

Interest under the PPN for each financial year is an amount equal to the excess, if any, of (i) all taxable profits and gains of the Company, as determined in accordance with the accounting principles adopted by the Company for tax purposes for such accounting period, taking into account any interest expense (including, for the avoidance of doubt, interest paid and interest accrued but not yet paid) and all other expenses occurred in respect of any senior indebtedness including, but not limited to, that amounts payable pursuant to the Transaction Documents and other expenses, but excluding interest payable hereunder, over (ii) US\$ 1,000 and shall be payable only with approval by the directors.

Interest expense under the PPNs during the financial year amounted to US\$ Nil (2021: US\$ 9,193,385).

The PPN is a limited recourse obligation of the Company. All repayments in respect of the PPN are junior and subordinate and subject in right of payment of the Company’s other creditors. If the net proceeds of the assets of the Company are less than the aggregate amount payable by the Company to the noteholders and to other creditors ranking senior to or pari passu with Lamington Road Grantor Trust, any obligations of the Company to Lamington Road Grantor Trust in such circumstances will be limited to the available funds of the Company.

In such circumstances, the Company will not be obligated to pay and the rights of Lamington Road Grantor Trust to receive any further amounts in respect of such obligations shall be extinguished and Lamington Road Grantor Trust may not take any further action to recover the shortfall.

LAMINGTON ROAD DESIGNATED ACTIVITY COMPANY

Notes to the financial statements (continued)

for the financial year ended 30 November 2022

16. Series notes

	As at 30-Nov-22 US\$	As at 30-Nov-21 US\$
Series A Notes	54,828,153	54,828,153
Series B Notes	71,511,461	66,912,501
	<u>126,339,614</u>	<u>121,740,654</u>
Opening balance	121,740,654	-
Drawdowns	-	119,261,752
Interest capitalised	4,598,960	2,478,902
	<u>126,339,614</u>	<u>121,740,654</u>
Repayable in:		
Over 5 years	<u>126,339,614</u>	<u>121,740,654</u>
	<u>126,339,614</u>	<u>121,740,654</u>

In 2021, the Company issued Series A and Series B notes. The notes carry an interest rate between 5% and 14% and mature on 7 April 2121. Interest on the Series Notes accrues and is payable on 30 June and 31 December. Interest expense during the financial year amounted to US\$ 10,216,469 (2021: \$ 6,740,794). Unpaid interest is capitalised as part of the principal balance payable at the maturity of the Series Notes.

17. Promissory notes payable

	As at 30-Nov-22 US\$	As at 30-Nov-21 US\$
Promissory notes payable	<u>-</u>	<u>-</u>
Opening balance	-	113,219,354
Interest capitalised	-	7,893,105
Repayments	<u>-</u>	<u>(121,112,459)</u>
	<u>-</u>	<u>-</u>
Repayable in:		
Within 1 year	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>

The Company issued an 8.5% fixed rate promissory note due 2024 to Markley as part of the purchase consideration for the Delaware LP. In 2017, the Company issued a US\$ 57 million 5% fixed rate promissory note due 2027 to Markley by way of satisfaction of the US\$ 57 million interest owing by the Company to Markley under the PPN.

Interest expense during the financial year amounted to US\$ Nil (2021: US\$ 3,115,152). Interest on the promissory note accrues and is payable at the end of each calendar year provided that any interest accrued but not paid shall be capitalised as part of the principal balance payable at the maturity of the promissory note.

Interest paid during the financial year amounted to US\$ Nil (2021: US\$ 2,359,565). The Promissory notes were repaid in full during the financial year.

LAMINGTON ROAD DESIGNATED ACTIVITY COMPANY

Notes to the financial statements (continued)

for the financial year ended 30 November 2022

18. Trade and other payables

	As at 30-Nov-22	As at 30-Nov-21
	US\$	US\$
Interest payable on profit participating note	9,193,385	9,193,385
Interest payable on Series notes	4,443,000	4,261,893
Other payables	164,133	196,519
Accrued expenses	241,907	132,060
	<u>14,042,425</u>	<u>13,783,857</u>

19. Share capital

	As at 30-Nov-22	As at 30-Nov-21
	US\$	US\$
<i>Authorised</i>		
Ordinary shares of US\$1 each	<u>1,000,000</u>	<u>1,000,000</u>
<i>Allotted, called up and unpaid</i>		
Ordinary share of US\$1 each	<u>1</u>	<u>1</u>
	<u>1</u>	<u>1</u>

20. Statutory and other information

During the financial year the directors of the Company received remuneration of \$131,733 (2021: \$ 173,611).

21. Employees

The Company has no employees (2021: Nil). Accounting and other services have been outsourced to IMI.

22. Risk and uncertainties

The Company has exposure to the following risks in respect of the financial instruments held at 30 November 2022 and 30 November 2021:

- Credit risk
- Currency risk
- Interest rate risk
- Price risk
- Liquidity risk

(a) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company.

No loss allowance has been recognised as the amortised cost financial assets are short term in nature and the ECL is not material. There is not considered to be any concentration of credit risk within these assets. No assets are considered impaired and no amounts have been provided against in the year (2021: US\$ Nil).

LAMINGTON ROAD DESIGNATED ACTIVITY COMPANY

Notes to the financial statements (continued)

for the financial year ended 30 November 2022

22. Risk and uncertainties (continued)

(a) Credit risk (continued)

The maximum gross exposure to credit risk at the end of the financial year was:

	As at 30-Nov-22	As at 30-Nov-21
	US\$	US\$
Investment in associate	108,480,186	111,957,865
Investment in subsidiary	88,507	88,507
Cash and cash equivalents	<u>6,504,793</u>	<u>11,361,302</u>
	<u>115,073,486</u>	<u>123,407,674</u>

Other receivables represent VAT receivable, prepaid fees and share capital receivable.

The cash and cash equivalents are held with Ulster Bank which holds an A- and A-1 (2021: A and A-2) long and short-term (respectively) resolution counterparty ratings by Standard and Poor's.

Due to the limited recourse nature of the PPNs issued by the Company, profits or losses arising from movements in market value of financial instruments pass to the PPN holders. Therefore, the Company has no net exposure to credit risk.

(b) Currency risk

Currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Company's functional currency is US\$ as substantially all of the assets and liabilities of the company are denominated in US\$. Therefore, the exposure to currency risk is minimal.

The currency risk profile of the fair values of the Company's financial assets and financial liabilities at 30 November 2022 and 30 November 2021 is set out below:

As at 30 November 2022	EUR	USD	Total
Assets	US\$	US\$	US\$
Investment in associate	-	108,480,186	108,480,186
Investment in subsidiaries	-	88,507	88,507
Cash and cash equivalents	604	6,504,189	6,504,793
Other receivables	25,878	157,937	183,815
Liabilities			
Series notes	-	(126,339,614)	(126,339,614)
Profit participating note	-	(54,893,278)	(54,893,278)
Trade and other payables	<u>(135,691)</u>	<u>(13,906,734)</u>	<u>(14,042,425)</u>
	<u>(109,209)</u>	<u>(79,908,807)</u>	<u>(80,018,016)</u>

LAMINGTON ROAD DESIGNATED ACTIVITY COMPANY

Notes to the financial statements (continued)

for the financial year ended 30 November 2022

22. Risk and uncertainties (continued)

(b) Currency risk (continued)

As at 30 November 2021	EUR	USD	Total
Assets	US\$	US\$	US\$
Investment in associate	-	111,957,865	111,957,865
Investment in subsidiaries	-	88,507	88,507
Cash and cash equivalents	16,724	11,344,578	11,361,302
Other receivables	31,743	149,921	181,664
Liabilities			
Promissory notes payable	-	(121,740,654)	(121,740,654)
Profit participating note	-	(54,893,278)	(54,893,278)
Trade and other payables	(152,116)	(13,631,741)	(13,783,857)
	<u>(103,649)</u>	<u>(66,724,802)</u>	<u>(66,828,451)</u>

The EUR exchange rate at the financial year end was 1.0376 (2021: 1.1363). Exchange rate fluctuations have no impact on operating cashflows as the investment income and interest expense are denominated in US\$.

(c) Interest rate risk

Investment income is non-interest bearing and interest on the Promissory Notes is fixed, therefore the Company is not subject to interest rate risk.

(d) Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the financial instrument or its issuer, or factors affecting similar financial instruments traded in the market.

The Company is not exposed to price risk as none of its assets or liabilities are valued using market prices.

(e) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The ability of the Company to meet its obligations under the PPN liability is dependent on the receipt of a return from the investment in the Associate.

Liquidity risk is managed through the priority of payments such that a return is only payable on the PPN liability once applicable expenses have been paid and there are still funds available.

Interest on the PPN is variable in nature as it is based on the profitability of the Company. Payment of interest on the PPN will only be made to the extent of the funds available after payments of expenses and interest, as set out in this priority of payments, regardless of the amount accrued during an accounting period.

LAMINGTON ROAD DESIGNATED ACTIVITY COMPANY

Notes to the financial statements (continued)

for the financial year ended 30 November 2022

22. Risk and uncertainties (continued)

(e) Liquidity risk (continued)

The following table details the Company's liquidity analysis for its financial liabilities. The table has been drawn up based on the undiscounted gross cash flows on those financial liabilities that require gross settlement. Future interest on the PPN liability is not included in the below table as this will be determined on future profitability and performance of the Associate and cannot be reliably estimated.

	Gross contractual US\$	Less than 1 year US\$	From 2 to 5 years US\$	Over 5 years US\$
As at 30 November 2022				
Profit participating note	(54,893,278)	-	-	(54,893,278)
Series notes	(126,339,614)	-	-	(126,339,614)
Trade and other payables	(14,042,425)	(14,042,425)	-	-
	<u>(195,275,317)</u>	<u>(14,042,425)</u>	<u>-</u>	<u>(181,232,892)</u>
	Gross contractual US\$	Less than 1 year US\$	From 2 to 5 years US\$	Over 5 years US\$
As at 30 November 2021				
Profit participating note	(54,893,278)	-	-	(54,893,278)
Series notes	(121,740,654)	-	-	(121,740,654)
Trade and other payables	(13,783,857)	(13,783,857)	-	-
	<u>(190,417,789)</u>	<u>(13,783,857)</u>	<u>-</u>	<u>(176,633,932)</u>

Interest on the PPN is not included in the gross contractual amount as it is based on future profits and cannot be reliably measured at this time.

23. Related party transactions

During the year ended 30 November 2022 investment income of US\$ 7,166,654 (2021: US\$ 13,999,897) was received from White Eagle Asset Portfolio, LP.

As at 30 November 2022, the total amount outstanding under the PPN liability, payable to the Lamington Road Grantor Trust, was US\$ 54,893,278 (2021: US\$ 54,893,278).

During the year ended 30 November 2022, there was a PPN interest expense related to Lamington Road Grantor Trust of US\$ Nil (2021: US\$ 9,193,385). As at 30 November 2022, there is PPN interest payable of US\$ 9,193,385 (2021: US\$ 9,193,385).

During the year ended 30 November 2022, the Company entered into a consulting agreement with BAM, in which Brennan Asset Management, LLC performs consulting services as an independent consultant to the Company. Patrick Brennan is the president of BAM.

There were no other contracts or arrangements in relation to the business of the Company in which the Directors had any interest, as defined by the Companies Act 2014, at any time during the financial year (2021: None).

LAMINGTON ROAD DESIGNATED ACTIVITY COMPANY

Notes to the financial statements (continued)

for the financial year ended 30 November 2022

24. Events after the Financial year

Section 3.3 of Lamington's Indenture permits the Company to repurchase Series A and/or Series B Notes in the open market so long as the Company maintains its Minimum Cash Balance. Pursuant to that resolution, the Company repurchased a \$5,500,000 in face amount of the Series B Notes on 9 December 2022. These Series B Notes were delivered to U.S. Bank, as Trustee under the Indenture, for cancellation.

On 31 December 2022, the Company paid in cash 100 percent of the Series A Note interest payable for the 6-month period ending December 31, 2022. The Series A cash interest payment totaled \$2,672,872. With respect to the Series B Note interest, the Company paid PIK Interest (in lieu of cash payment) on 100 percent of the Series B Notes outstanding for the 6-month period ending December 31, 2022. The PIK interest portion of the Series B Note payment totaled \$2,502,901. After the 31 December 2022 interest payment date, the outstanding principal amount of the Series A Notes was \$54,828,153. Following the cancellation of the Series B Notes repurchased by the Company, the outstanding principal amount of the Series B Notes was \$68,321,863, considering both the payment of PIK Interest on 31 December 2022, and the retirement of the Series B Notes repurchased on 9 December 2022.

On 9 December 2022, James McGlone was appointed as alternate Director to Patrick Brennan, and subsequently resigned on 14 December 2022. On 9 December 2022, David Greene was appointed as alternate Director to Roy Patterson, and subsequently resigned on 14 December 2022.

There are no other significant events affecting the Company since the end of the financial year.

25. Ownership of the Company

The share is held by Intertrust Nominees (Ireland) Limited, a company incorporated in Ireland under registration number 485526 and having its registered office at 1-2 Victoria Buildings, Haddington Road, Dublin 4, Ireland.

The Directors have considered the issue of control and have determined that the control of the Company rests with the Board of Directors.

26. Contingent liabilities and commitments

There are no contingent liabilities as at 30 November 2022 and 30 November 2021.

27. Capital management

The Company obtains funding as and when required from the issue of Loan notes and from income from investments. The Company engages the services of IMI to monitor the daily activities of the Company.

28. Approval of financial statements

The Board of Directors approved and authorised these financial statements on 31 March 2023.