Annual Report and Financial Statements 2020

LGT Private Debt (UK) Ltd.

Registered Number: 08755484

Contents

Board of directors and other information

Directors as at 31 December 2020

O. de Perregaux (Swiss) (resigned on 01 April 2021)

J. Kossow (German) (appointed on 01 April 2021)

R. Paganoni (Dutch)

W. von Baum (German)

J.C. Morales Cortes (Spanish, American)

M. Gordon Clark (British)

Secretary

G. Rechsteiner (resigned on 09 February 2021)

B. Vicentini (appointed 09 February 2021)

Registered Office

1 St James's Market

London

SW1Y 4AH

England

Independent Auditors

Ernst & Young LLP

PO Box 9

Royal Chambers

St. Julian's Avenue

St. Peter's Port

Guernsey

GY1 4AF

Strategic report

The directors present their strategic report for the year ended 31 December 2020.

Review of business and key performance indicators

The principal activity of LGT Private Debt (UK) Ltd ("the Company") is to provide marketing, investment management and advisory services to a small number of debt focused Alternative Investment Funds ("AIF").

The key financial and other performance indicators for the Company during the year were as follows:

	2020	2019
	EUR '000	EUR '000
Turnover	9,597	15,636
(Loss)/profit on operating activities before taxation	(465)	1,402
Profit attributable to the Company's equity holder	436	71
Equity shareholder's funds	7,254	6,818

The directors feel that business has performed broadly in line with expectations with regards to its fundraising activities.

The Company's principal activity is to provide marketing, investment management and advisory services to a number of debt focused funds which include registered AIFs. The Company is currently the manager of three funds ("the Funds") which include two AIF entities, namely:

- European Capital UK SME Debt Fund LP (AIF)
- European Capital Private Debt Fund LP (AIF)
- Marina Bay Fund LP

The Company was the manager of three further funds, which include five AIF entities and a further two AIF entities (that relate to one of the UK funds, European Capital Private Debt Fund) until 30 September 2020. On 1 October 2020, LGT Private Debt (France) SAS became the manager for these entities, namely:

- French AIFs in relation to UK fund, European Capital Private Debt:
    - European Capital Private Debt Feeder FPS (AIF)
    - European Capital Private Debt Investment Co. FPCI (AIF)
- European Capital Private Equity 1 SCSp (AIF)
- Crown European Private Debt II SCSp (AIF)
    - Crown European Private Debt II Feeder S.A. SICAV-RAIF (AIF)
    - CEPD II F SCSp (AIF)
- Crown European Private Debt II (LEV) SCSp (AIF)

European Capital UK SME Debt Fund LP has GBP 100 million of capital commitments focused on providing credit solutions for UK Sponsored transactions for businesses with less than GBP 100 million in revenue. The European Capital Private Debt Fund LP has in place subscription agreements for a total of EUR 473 million in commitments. Marina Bay Fund LP as at 31 December 2020 has EUR 130 million of capital commitments (2019: EUR 130 million).

The principal risks and uncertainties to which the Company is exposed are those of business and operational risks. Business and operational risk is the risk of loss resulting from inadequate or failed processes or systems, human factors or external events.

The Company maintains systems of controls that it believes are reasonably designed to provide management and the directors with timely and accurate information about the operations of the Company.

The COVID-19 global pandemic has presented the Company with additional risks which are under constant monitoring and assessment by the Directors. As part of the ongoing monitoring, the Directors of the Company have assessed the main revenue and expense streams at an underlying fund level in order to ensure that management fees, the main revenue source for the Company, will continue to be received, and on a timely basis. Management fees are calculated on a committed capital basis which enables accurate forecasting of fee income. An analysis of the liquidity position of the underlying funds shows a similar result. The underlying funds have substantial credit facilities and undrawn committed capital, both of which could be used if required. The total expense base of the funds, excluding management fee expenses, is immaterial and will not detrimentally affect the overall liquidity position of the funds.

From an operational perspective, the existing business continuity policy and procedures have allowed for a seamless transition to a remote working environment with minimal business disruption. All staff employed directly by the Company, or those of other LGT entities providing services to other Group companies, have been equipped with remote working solutions, ensuring that business continues as normal.

LGT Group are committed to providing any support that is necessary to any entity within the LGT Group, including the Company. This support further guarantees the Company's status as a going concern.

Given the details contained heretofore, the Directors do not foresee the pandemic adversely affecting the going concern of the Company. The Directors will continue to review the situation in order to navigate the Company through this period of heightened uncertainty.

A more specific business risk facing the Company is its ability to launch its next fund relatively quickly. With the high levels of deployment in existing funds, a new fund will be launched in 2021 to ensure an uninterrupted flow of deployable capital. Work has begun with a target launch date of Q2 2021.

Furthermore, the Company is exposed to the risks associated with managing funds. The revenue of the Company depends on six LGT funds. However, this fee income from funds depends either on capital commitments or rechargeable expenses to the funds, rather than on fund performance, thus mitigating these risks.

Two of the three funds managed by the Company are in the harvesting period and any further capital deployment will relate to existing committed unfunded investment obligations or follow-on investments in the existing asset portfolios. One of the three funds managed by the Company is still within the investment period until December 2021 and is expected to continue to deploy capital in new investments throughout the current year.

With the successful deployment of the Company's existing fund commitments, the new fund will be needed to grow and maintain the Company's potential investment management income, by increasing assets under management ("AUM") while replacing assets as they are realised in the existing funds. Effective from the 1st of October 2020, non-UK funds are managed by LGT Private Debt (France) SAS which includes funds: CEPD II, CEPD II Lev and ECPE). As at 31 December 2020, the Company's total commitments for funds under management are EUR 716 million (2019: EUR 722 million) with AUM of EUR 444 million (2019: EUR 522 million).

Future developments

During 2020 it was announced by LGT Group Foundation that the three business units held by LGT Group – LGT Private Banking, LGT Capital Partners and Lightstone – will in future be held directly by the Prince of Liechtenstein Foundation and will operate as independent stand-alone businesses. From January 2022 the LGT Capital Partners business unit, including the Company, will operate under a newly formed LGT Capital Partners Group. The directors do not propose to make any changes to the current strategy and objectives of the Company.

On behalf of the Board

J.C. Morales Cortes, Director

W. von Baum, Director

22 April 2021

Directors' report

For the year ended 31 December 2020

The Directors present their report and audited financial statements of the Company, registered number 08755484 for the year ended 31 December 2020.

A number of items stated in this Directors' Report have also been included in the Strategic Report outlined on pages 3 to 5.

Principal activities

The principal activity of the Company is to provide marketing, investment management and advisory services to a small number of debt focused AIFs.

On 16 July 2014 the Company was granted authorisation from the Financial Conduct Authority ("FCA") with the registration number 611379. This authorisation was further enhanced on 8 September 2014, when the FCA granted authorisation to the Company to act as an Alternative Investment Fund Manager ("AIFM") and to conduct cross border marketing of Alternative Investment Funds to professional investors in other EEA states. In response to Brexit, the Company has established a registered subsidiary in France, LGT Private Debt (France) SAS ("PD FR"). On 1st October 2020 PD FR was appointed as the manager for four funds previously managed by the Company.

Review of the development of the business

The Board of Directors (the "Board"), in accordance with good corporate governance principles, remains ultimately responsible for the implementation of, and compliance with, the Company's obligations as set out under the licenses and the relevant regulations. The Board has ultimate responsibility for management functions under the AIFM license including the oversight of reporting to the Financial Conduct Authority.

As of 31 December 2020, the Company remains as the investment manager on behalf of 3 (2019: 6) alternative investment funds comprising the total assets under management amount of EUR 444 million (2019: EUR 522 million) and which are domiciled in the UK.

Future development of the business

A new fund is to be launched in 2021, with a target launch date of Q2 2021. It is expected that the business will grow accordingly. The Company will not act as the investment manager for the new fund, but will benefit from an associated fee share arrangement

During 2020 it was announced by LGT Group Foundation that the three business units held by LGT Group – *LGT Private Banking, LGT Capital Partners and Lightstone* – will in future be held directly by the Prince of Liechtenstein Foundation and will operate as independent stand-alone businesses. From January 2022 the LGT Capital Partners business unit, including the Company, will operate under a newly formed LGT Capital Partners Group.

The Directors do not propose any changes to the current strategy and objectives of the Company.

Results for the year and state of affairs at 31 December 2020

The profit and loss account and balance sheet are set out on pages 13 and 14 respectively. After accounting for a profit for the financial year of EUR 436,000 (31 December 2019: profit of EUR 71,000), amounts attributable to the equity shareholder were EUR 7,254,000 at 31 December 2020 (31 December 2019: EUR 6,818,000).

Dividends

The Directors do not recommend the payment of a dividend for 2020 (2019: Nil).

Going concern

The financial statements have been prepared on a going concern basis despite operating on a net reporting loss, and the Directors believe that the Company is a going concern. The Directors consider that the Company has sufficient liquid resources to satisfy its upcoming commitments for the period to 30 April 2021. The LGT Group (LGT Group Foundation and its subsidiaries) is committed to the success of the Company and has contributed additional capital to the Company when required, while a letter of support from LGT Group is also in place.

In light of the COVID-19 pandemic, the Directors of the Company are actively monitoring the situation and do not foresee the pandemic adversely affecting the going concern of the Company, refer to the Strategic Report, page 3.

Creditor payment policy

For all trade creditors, it is the Company's policy to:

- agree the terms of payment at the start of business with that supplier;
- ensure that suppliers are aware of the terms of payment; and
- pay in accordance with its contractual and other legal obligations.

In 2020, the majority of the invoices the Company incurred were recharges from entities under common control.

Risk management policy

The Company's financial risk management policy and objectives are detailed in note 3 of the financial statements.

Directors

The names of the Directors of the Company at any time during the year ended 31 December 2020 and subsequently are as follows: R. Paganoni, W. von Baum, O. de Perregaux, J.C. Morales Cortes and M. Gordon Clark.

On 9 February 2021, G. Rechsteiner resigned as Company Secretary. B. Vicentini was appointed as Company Secretary on the same date. On 1 April 2021, O. de Perregaux resigned from the Board of Directors. J. Kossow was appointed to the Board of Directors on the same date.

The Directors and the Secretary had no interest in the share capital of the Company for the years ended 31 December 2020 and 31 December 2019.

Directors' responsibility statement

The Directors are responsible for preparing the annual report and the financial statements in accordance with applicable UK law and United Kingdom Accounting Standards comprising FRS 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice). UK company law requires the Directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for the year. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;

- state whether FRS101 has been followed, subject to any material departures disclosed and explained in the financial statements; 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 confirm that they have complied with the above requirements in preparing the financial statements.

The Directors are responsible for keeping proper books of account which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements have been properly prepared in accordance with the FRS101 Reduced Disclosure Framework ("FRS101") and comply with UK statute comprising the Companies Act, 2006. 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.

The Company's financial statements for the year ended 31 December 2020 have been prepared in accordance with FRS101.

Events after the reporting year

On 9 February 2021, G. Rechsteiner resigned as Company Secretary. B. Vicentini was appointed as Company Secretary on the same date. On 1 April 2021, O. de Perregaux resigned from the Board of Directors. J. Kossow was appointed to the Board of Directors on the same date.

Capital requirements

The Directors confirm that the Company was fully compliant with all its regulatory capital requirements during the year.

Independent Auditors

Ernst & Young LLP have indicated their willingness to continue in office.

On behalf of the Board

J.C. Morales Cortes, Director
22 April 2021

W. von Baum, Director

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LGT Private Debt (UK) Limited

Opinion

We have audited the financial statements of LGT Private Debt (UK) Limited ("the Company") for the year ended 31 December 2020 which comprise the Profit and loss account, Balance Sheet, Statement of changes in shareholder's equity and the related notes 1 to 22, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 101 "Reduced Disclosure Framework ("United Kingdom Generally Accepted Accounting Practice").

In our opinion:

- the financial statements give a true and fair view of the Company's affairs as at 31 December 2020 and of its results for the year then ended;
- the financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

Conclusions relating to going concern

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

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 twelve months from when the financial statements are authorised for issue.

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

Other information

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

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and

- the strategic report and directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

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

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 8 and 9, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the 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 directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at https://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

Our approach was as follows:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant are the Companies Act 2006 and the Financial Services and Markets Act 2000
- We understood how the Company is complying with those frameworks by making enquiries management and those charged with governance regarding:
    - their knowledge of any non-compliance or potential non-compliance with laws and regulations that could affect the Financial Statements;
    - the Company's methods of enforcing and monitoring non-compliance with such policies;
    - management's process for identifying and responding to fraud risks, including programs and controls the Company has established to address risks identified by the entity, or that otherwise prevent, deter and detect fraud; and
    - how management monitors those programs and controls.
- We assessed the susceptibility of the Company's Financial Statements to material misstatement, including how fraud might occur by:
    - obtaining an understanding of entity-level controls and considering the influence of the control environment;
    - making inquiries with management and those charged with governance regarding how they identify related parties including circumstances related to the existence of a related party with dominant influence; and
    - making inquiries with management and those charged with governance regarding their knowledge of any actual or suspected fraud or allegations of fraudulent financial reporting affecting the Company.
- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations identified above. Our procedures involved a review of Board minutes and inquiries of the Investment Manager and those charged with governance including:
    - Through discussion, gaining an understanding of how those charged with governance and management identify instances of non-compliance by the Company with relevant laws and regulations;
    - Inspecting the relevant policies, processes and procedures to further our understanding;
    - Reviewing Board minutes and internal compliance reporting;
    - Inspecting correspondence with regulators; and
    - Obtaining relevant written representations from the Board of Directors.

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Andrew Jonathan Dann, FCA (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Guernsey, Channel Islands
Date: 23 April 2021

Profit and loss account

For the year ended 31 December 2020

	Note	2020 EUR '000	2019 EUR '000
Turnover	4	9,597	15,636
Administrative expenses	5	(10,049)	(14,216)
Interest payable and similar charges	6	(13)	(18)
(Loss)/profit on operating activities before taxation		**(465)**	**1,402**
Provision for impairment charge	9	843	(843)
Taxation on operating activities	7	58	(488)
Profit on operating activities after taxation		**436**	**71**
Profit for the year		**436**	**71**

The accompanying notes on pages 16 to 31 form an integral part of these financial statements.

The profit and loss account has been prepared on the basis that all operations are continuing operations.

Balance Sheet

As at 31 December 2020

	Note	2020 EUR '000	2019 EUR '000
Assets			
Fixed assets			
Tangible assets	8	846	863
Deferred tax asset	7	498	439
Investment	9	3,141	3,141
Total fixed assets		**4,485**	**4,443**
Current assets			
Cash at bank and in hand	10	4,850	5,013
Prepayments and accrued income	11	7,418	10,772
Debtors and other assets	12	25	25
Total current assets		**12,293**	**15,810**
Total assets		**16,778**	**20,253**
Current liabilities			
Amounts due to banks	13	4,800	4,800
Creditors and other liabilities	14	124	857
Accruals and deferred income	15	4,600	7,778
Total current liabilities		**9,524**	**13,435**
Total liabilities		**9,524**	**13,435**
Equity capital			
Share capital	16	15,667	15,667
Retained earnings	17	(8,413)	(8,849)
Total equity capital and reserves		**7,254**	**6,818**
Total liabilities and equity capital		**16,778**	**20,253**

The accompanying notes on pages 16 to 31 form an integral part of these financial statements.

J.C. Morales Cortes, Director

W. von Baum, Director

Date: 22 April 2021

Statement of changes in shareholder's equity
For the year ended 31 December 2020

		Ordinary shares	Accumulated loss	Foreign exchange	Total equity
As at 1 January 2019		**14,667**	**(8,919)**	**(3)**	**5,745**
Issue of shares	16	1,000	-	-	1,000
Profit for the year		-	71	-	71
Foreign exchange reserve		-	-	2	2
As at 31 December 2019		**15,667**	**(8,848)**	**(1)**	**6,818**
Issue of shares	16	-	-	-	-
Profit for the year		-	436	-	436
Foreign exchange reserve		-	-	-	-
As at 31 December 2020	**16**	**15,667**	**(8,412)**	**(1)**	**7,254**

Notes to the financial statements

1. General information

LGT Private Debt (UK) Ltd ("the Company") is authorised by the Financial Conduct Authority to provide marketing, investment management and advisory services to a small number of debt focussed alternative investment funds ("AIF").

The immediate parent is LGT EC Holding Limited, 1 St James's Market, London SW1Y 4AH, England. The ultimate beneficial owner and controlling party of the Company is LGT Group Foundation, Herrengasse 12, Vaduz, Principality of Liechtenstein, a foundation incorporated in the Principality of Liechtenstein. The beneficiary of LGT Group Foundation is the Prince of Liechtenstein Foundation. The beneficiary of the Prince of Liechtenstein Foundation is the reigning Prince of Liechtenstein, H.S.H. Prince Hans-Adam II. von und zu Liechtenstein.

2. Accounting policies

The Company adopted Financial Reporting Standard 101 "Reduced Disclosure Framework" ("FRS101") for the first time on 1 January 2020.

The principal accounting policies applied in the preparation of the financial statements are set out below. These policies have been consistently applied unless otherwise stated.

The financial statements as at 31 December 2020 are prepared and approved by the Directors in accordance with FRS101 and with those parts of the UK Companies Act, 2006 applicable to companies reporting under FRS101.

In accordance with the exemptions allowed by Section 400 of the Companies Act 2006, the Company has elected, as at 1 January 2020, to discontinue the consolidation of the Company's subsidiary entities. This exemption is allowable as the Company along with its subsidiaries are included in the group accounts of LGT Group Foundation. These accounts are available to the public and can be obtained by contacting LGT Group Foundation, Herrengasse 12, FL-9490, Liechtenstein.

a) Basis of preparation

The Company meets the definition of a qualifying entity under FRS 100 (Financial Reporting Standard 100) issued by the Financial Reporting Council. Accordingly, in the year ended 31 December 2020 the Company has undergone transition from reporting under IFRSs adopted by the European Union to FRS 101 as issued by the Financial Reporting Council. The financial statements have therefore been prepared in accordance with FRS 101 (Financial Reporting Standard 101) "Reduced Disclosure Framework" as issued by the Financial Reporting Council. This transition is not considered to have had a material effect on the financial statements. Where relevant, equivalent disclosures have been provided in the group accounts of LGT Group Foundation.

Notes to the financial statements

a) Basis of preparation (continued)

The financial statements have been prepared under the historical cost convention. The preparation of financial statements in conformity with FRS 101 requires management to make certain judgements, estimates and assumptions that affect the application of policies and the reported amount of assets and liabilities, income and expenses. The estimates and associated assumptions are based on 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 estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. Where there are areas involving a higher degree of judgement or complexity, or where assumptions and estimates are significant to the financial statements, these are disclosed separately. The Directors confirm that there are no relevant assumptions or estimates to be disclosed.

The financial statements are prepared on a going concern basis. In preparing the financial statements, the Company's board is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the board either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Summary of disclosure exemptions

FRS 101 sets out amendments to EU-adopted IFRS that are necessary to achieve compliance with the Companies Act, 2006. The Company has availed of a number of exemptions from the disclosure requirements of EU adopted IFRS in the preparation of these financial statements, in accordance with FRS 101.

In accordance with FRS 101 the Company has availed of an exemption from the following paragraphs of IFRS:

- The requirements under IAS 7 "Statement of Cash Flows" (FRS 101, paragraph 8h);
- The requirements of paragraph 79(a)(iv) of IAS 1 'Presentation of Financial Statements";
- The requirements of paragraphs 30 and 31 of IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors" (requirement for the disclosure of information when an entity has not applied a new IFRS that has been issued but is not yet effective);
- The requirements of paragraph 17, IAS 24 "Related Party Disclosures" (key management compensation) (FRS 101, paragraph 8j & 8k);

Notes to the financial statements

Summary of disclosure exemptions (continued)

- The requirement under IAS 24 "Related Party Disclosures" to disclose related party transactions entered into between two or more members of a group;
- The requirement to disclose standards in issue which have yet to become effective.

The following exemptions of IAS 1 have also been availed of:

- Paragraph 10(d): The requirement to present a Cash Flow Statement (CFS)
- Paragraph 16: The statement of explicit and unreserved compliance with IFRS
- Paragraph 38A: The requirement for a minimum of 2 primary statements including a CFS
- Paragraph 3 8B-D Additional comparative information,
- Paragraph 111: Cash flow statement information
- Paragraph's 134 to 136: Capital management disclosures

Changes in accounting principles and presentation

The Company adopted FRS 101 "Reduced Disclosure Framework" on 1st January 2020.

(b) Revenue from contracts with customers

The Company earns revenues by providing various services to both related party and third party customers. In accordance with IFRS 15, these revenues are recognised either over a period or on a specific date. When the control of the service has transferred to the customer and when it is sufficiently certain that the revenues can also be collected, the amount is recognised. IFRS 15 introduces a contract-based five-step analysis to determine whether, how much and when revenue is recognised. These five steps are as follows:

1. Identify the contract with the customer
2. Identify the performance obligations in the contract
3. Determine the transaction price
4. Allocate the transaction price to the performance obligations in the contract
5. Recognise revenue when the Company satisfies a performance obligation

Investment management income is measured based on the consideration specified in legally enforceable contracts. In the case of variable revenues, such as performance fees, recognition can only take place to the extent that it is highly probable that a significant reversal will not occur. The Company recharges the Funds for reimbursable expenses. Recharge income is measured based on the consideration specified in legally enforceable contracts.

(c) Interest income

The Company has not made any substantial loans and have not placed any substantial sum on deposit. Interest income is recognised on an accruals basis that materially approximates to the effective interest rate method.

(d) Foreign currency translation

The results and financial position of the Company are measured in Euro. The functional currency of the Company is Euro. Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. All monetary assets and liabilities denominated in foreign currencies are translated at the rates of exchange ruling at the year end. Exchange differences arising from the re-translation of foreign currency denominated assets and liabilities together with other exchange differences arising in the year are included in the Profit and Loss Account.

(e) Cash at bank and in hand

Cash at bank and in hand comprise cash in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less.

(f) Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is calculated on fixed assets on a straight-line basis over the expected useful life as follows:

Computer/office equipment	3 years
Office furniture	5 years
EDP software	5 years

(g) Accrued income

Income is recognised in the profit and loss account on an accruals basis.

(h) Prepayments

Prepayments are recognised in the profit and loss account on an accruals basis. They include placement agent fees which have been prepaid and are released over the life of the relevant fund to which they refer.

(i) Accrued expenses

Expenses are recognised in the profit and loss account on an accruals basis.

(j) Taxation

The Company is deemed to have a permanent establishment and be subject to corporate income taxes in the UK. Current income tax assets and liabilities for the current year are measured at the amount expected to be recovered from or paid to the taxation authorities. Please see note 7 for further information.

(k) Consolidation of subsidiary holdings

The Company prepares its financial statements under FRS101. From 1 January 2020 the directors have decided to prepare the financial statements on a non-consolidation basis which it is entitled to do as the ultimate parent of the group, LGT Group, prepares financial statements which consolidate all LGT entities. Further information is available in note 9.

(l) Classification of subsidiary holdings

The Company classifies the subsidiary holdings of LGT Private Debt (France) SAS as an investment on the balance sheet. In accordance with IAS 27, subsidiary holdings are held at cost. On an annual basis the investment carrying amount (i.e. cost) is reviewed to determine whether there is any objective evidence of impairment. Where such evidence is identified, the investment is tested to determine whether the carrying value is less than its recoverable amount (i.e. the higher of fair value less costs to sell and value in use). Indicators of impairment could include, but are not limited to, significant changes to the funds industry and changes to the regulatory, market, economic or legal environments.

(m) Dividends

Dividends are recognised in the Company's financial statements in the year when they are approved by the Directors and paid to the sole shareholder.

3. Financial risk management

In common with other businesses, the Company are exposed to risks that arise from using financial instruments. The Company's activities expose it to a variety of financial risks, such as market risk (including currency risk, price risk and interest rate risk), liquidity risk and credit risk. The Company's financial risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance. The principal financial instruments used by the Company, from which financial risk arises, are:

- Cash and cash equivalents
- Trade and other receivables
- Loans
- Trade and other payables
- Other liabilities

Notes to the financial statements

(a) Market risk - foreign exchange risk

The Company operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US dollar and pounds Sterling. Foreign exchange risk may arise from future commercial transactions and recognised assets and liabilities.

Other foreign exchange risks affecting the Company are due to the Company purchasing services and assets in currencies other than Euro. These services and assets are predominately denominated in pounds Sterling, a 10% change in the exchange rate at balance sheet date would increase/decrease the net profit/loss by EUR 661,690 (2019: EUR 317,610). The total GBP exposure at the reporting date is GBP 5,287,031 (2019: GBP 2,235,711). The total USD exposure at the reporting date is USD 24,804 (2019: USD 28,334). The total CHF exposure at the reporting date is CHF 747,755 (2019: CHF 557,665).

(b) Market risk - price risk

The Company is not exposed to any price risk, as it does not hold investments or other assets, which are sensitive to market prices or other significant volatility in valuation due to either external conditions or estimation techniques.

(c) Market risk - interest rate risk

The Company holds a fixed rate loan with LGT Bank AG with interest charged at market rates. The loan is drawn on a short-term basis to minimise interest rate and cash flow exposures. The last rollover was for six months. Although cash balances do attract interest income, the Company's income and operating cash flows are substantially independent of changes in market interest rates. There is no fair value interest rate risk as the fixed rate loan is at amortised cost.

(d) Fair value estimation

The carrying values less impairment provisions of trade receivables and payables are considered to approximate their fair values due to the short-term nature.

(e) Liquidity risk

The Company aims to mitigate liquidity risk in various ways, including maintaining high levels of liquid resources, reviewing contingency funding arrangements and incorporating tight credit control processes.

The Company monitors expected cash flows for future years. Excess cash identified in managing liquidity is invested in financial instruments exposed to insignificant risk of changes in market value, being placed on interest-bearing deposit with maturities that will allow the Company to meet its

(e) Liquidity risk (continued)

expected future cash needs. As the Company is regulated by the FCA, liquidity requirements are imposed on the Company to which it adheres.

(f) Credit risk

Credit risk is the risk that the counterparty to a financial instrument will cause a financial loss for the Company by failing to discharge an obligation. The Company is exposed to the risk of credit-related losses that can occur because of a counterparty or issuer being unable or unwilling to honour its contractual obligations. These credit exposures exist within derivative assets, short-term trade receivables, and cash and cash equivalents.

It is the Company's policy to enter into financial instruments with LGT sponsored intra-group or other reputable counterparties.

The Company's policy is to closely monitor the creditworthiness of the Company's counterparties (e.g. LGT sponsored private debt funds, Lloyds Banking Group plc) by reviewing, where applicable, their credit ratings, financial statements and press releases on a regular basis in accordance with local policies and procedures.

Cash held with banks and trade receivables are subject to the expected credit loss ("ECL") model within IFRS 9. The Company has adopted a simplified approach using historical observed losses over the expected life of the receivables adjusted for forward-looking estimates. The counterparty banks with which the Company place their cash are either with LGT Group bank (LGT Bank Ltd) or with highly rated third party banks (Lloyds Banking Group plc.). Under the methodology described above the calculated ECL for the Company exposures to banks is immaterial based on the credit ratings of Lloyds Bank and LGT Bank Ltd. Total cash held with banks at 31 December 2020 is EUR 4,850,413 (2019: EUR 5,013,337).

All trade receivables are expected to be received in three months or less. An amount is considered to be in default if it has not been received 30 days after it is due. For the Company, the ECL assessment for trade and other receivables concludes that any ECL is immaterial. Exposures to trade and other receivables are to debtors with whom the Company have a long-standing relationship and based on past experience the Directors are of the opinion that the ECL is immaterial.

(g) Capital resources

The Company considers its overall capital to comprise of its ordinary share capital, other reserves less accumulated comprehensive loss. No financial liabilities are considered capital.

(g) Capital resources (continued)

In managing its capital, the Company's primary objective is to ensure its ability to provide a consistent return for its equity shareholder through distributions and the possible orderly unwinding of its business if this were to happen. In order to achieve this, the Company have established a capital adequacy assessment process, whereby the Company review the total risks that face the Company and consider an appropriate amount of capital that should be held to meet these risks. The capital held reflects the capital requirements as set out by the FCA along with an appropriate buffer.

(h) Investment

The Company is exposed to the financial risk that losses incurred by the PD FR subsidiary could result in the value of the share capital of the subsidiary and thus a loss on the investment in PD FR. Claims could materialise for a variety of business reasons however LGT Group minimise this risk by ensuring that, as with all LGT subsidiaries, there is sufficient strategic planning carried out before the establishment of the subsidiary, a suitable corporate governance framework is instilled in the Company and, that key risk areas are adequately managed, either within the Company by hiring adequately qualified resources, or outside the Company through outsourcing.

The financial position of the Company at year end was considered satisfactory by the Directors and the financial position at the year end leaves adequate financial headroom in complying with Financial Conduct Authority requirements.

4. Turnover

	2020 EUR '000	2019* EUR '000
Management fees – funds	14,753	18,201
Management fees – intercompany	(4,616)	(3,442)
Administration fees – funds	3,801	4,165
Administration fees – intercompany	(758)	(190)
Risk management fees – intercompany	67	-
Distribution fees – intercompany	(2,823)	(2,086)
Agency fees & other fees	146	109
Fund raising/placement fees	(973)	(1,121)
Total turnover	**9,597**	**15,636**

*In 2019 the costs for the Company reflect six months of turnover for the French branch prior to its spin off on 30 June 2019. The French subsidiary set up as part of the spin-off is reported separately for the second half of 2019.

Notes to the financial statements

5. Administrative expenses	2020 EUR '000	2019 EUR '000
Personnel expenses		
Salaries and bonus	4,375	5,217
Social security costs	612	964
Pension costs	307	457
Medical insurance	94	51
Other staff costs	393	431
Total personnel expenses	**5,781**	**7,120**
Operating expenses		
General operating expenses	3,963	7,018
Depreciation of non-current assets	210	26
Auditors remuneration – audit fees	95	52
Total operating expenses	**4,268**	**7,096**
Total administrative expenses	**10,049**	**14,216**

The average number of persons employed by the Company during the year was 25 (2019: 31)

6. Interest payable and similar charges	2020 EUR '000	2019 EUR '000
Interest on loans and advances from banks	13	18

Notes to the financial statements

7. Taxation	2020 EUR '000	2019 EUR '000
(Loss) / profit before tax	(465)	1,402
Adjustments to profit before tax	-	16
Adjusted (loss) / profit before tax	(465)	1,418
At relevant UK corporation tax of 19% (2019: 19% and 33% UK and French combined rates of corporation tax)	-	368
Effects of		
Movement in unprovided deferred tax / utilisation of prior year losses	(58)	120
Total tax (credit) / charge	**(58)**	**488**

The Company has carried forward adjusted tax losses of EUR 2,156,272 (2019: 6,991,782) and current year tax losses of EUR 465,000. As per IAS 12, deferred tax assets can only be recognised to the extent that they can be expected to unwind. As the Company expects to be profitable in the future, despite the current year operating loss, the Company continues to recognise a deferred tax asset on behalf of the Company of EUR 497,858 (2019: EUR 439,346).

Movement of deferred tax asset	2020 EUR '000	2019 EUR '000
Deferred tax asset at 1 January	**439**	**1,770**
Deferred tax asset prior year adjustment	-	114
Deferred tax asset – recognition / (derecognition)	59	(1,077)
Losses utilised	-	(368)
Deferred tax asset at 31 December	**498**	**439**

Notes to the financial statements

8. Tangible assets	2020 EUR '000	2019 EUR '000
Cost:		
At 1 January	867	146
Transfer on cessation of branch 30 June 2019	-	(142)
Additions/ (disposals) during the year	193	863
At 31 December	**1,060**	**867**
Depreciation:		
At 1 January	4	68
Transfer on cessation of branch 30 June 2019 – balance as at 31.12.18	-	(42)
Transfer on cessation of branch 30 June 2019 – balance for 2019	-	(24)
Charge for the year	210	2
At 31 December	**214**	**4**
Net book value at 31 December	**846**	**863**

9. Investment in subsidiaries	2020 EUR '000	2019 EUR '000
Cost:		
At 1 January	3,141	-
Additions/(disposals) during the year	-	3,141
At 31 December	**3,141**	**3,141**

On 30 June 2019, the French branch of the Company was converted to a subsidiary of the Company and is now known as LGT Private Debt (France) SAS ("PD FR"). The Company holds direct holdings in four further subsidiaries and indirect holdings in four further subsidiaries, the details of which can be seen below. There have been no significant changes to the subsidiaries of the Company during 2020. The investment amount held on the balance sheet remains unchanged. The investment held is in accordance with IAS 27, at cost, less any impairment. An impairment is suffered when the recoverable amount is less than the cost ("carrying amount"). The former French Branch of the Company had applied to the French tax authorities in 2019 to transfer the previously held deferred tax asset from the French Branch to PD FR. At 31 December 2019, no confirmation of approval had been received and so the Company recognised a provision for an impairment charge of EUR 843,550 against this deferred tax asset.

Notes to the financial statements

9. Investment in subsidiaries (continued)

During 2020, the French tax authorities confirmed that the deferred tax asset could be transferred to PD FR. As a result, the Company has recognised the reversal of the provision of EUR 843,550. As at 31 December 2020, an impairment test was undertaken and the outcome was that the recoverable amount was higher than the carrying amount. Therefore, no impairment is necessary.

Subsidiary	Subscribed capital	Ownership %	Country of incorporation	Principal activity	Capital & reserves at 31 December 2020	Profit / (Loss) for the year 2020
LGT Private Debt (France) SAS *	€3,000,000	100	France	Investment advisory services	€3,273,209	€78,373
European Capital UK SME Debt 1 Limited *	£1	100	UK	Corporate Partner to General Partner	€13,804	-€3,060
European Capital UK SME Debt 2 Limited *	£1	100	UK	Corporate Partner to General Partner	€13,639	-€3,060
European Capital UK SME GP LLP **		100	UK	General Partner	-€18	€0
European Capital UK SME Carry GP LLP **		100	UK	General Partner	€4,849	-€837
European Capital Private Debt 1 Limited *	£1	100	UK	Corporate Partner to General Partner	€11,637	-€3,081
European Capital Private Debt 2 Limited *	£1	100	UK	Corporate Partner to General Partner	€11,794	-€3,081
European Capital Private Debt GP LLP **		100	UK	General Partner	-€36	€0
European Capital Private Debt Carry GP LLP **		100	UK	General Partner	€9,109	-€839

* Direct holding

** Indirect holding

All subscribed capital interests denoted above are for ordinary shares.

10. Cash at bank and in hand	2020 EUR '000	2019 EUR '000
Cash at bank	4,850	5,013
	4,850	**5,013**

11. Prepayments and accrued income	2020 EUR '000	2019 EUR '000
Prepayments	3,183	4,361
Accrued income	4,235	6,411
	7,418	**10,772**

Notes to the financial statements

12.	Debtors and other assets	2020	2019
		EUR '000	EUR '000
	Debtors	-	25
	Other assets – derivative financial instrument	25	-
		25	**25**

13.	Reconciliation of financing liabilities	2020	2019
		EUR '000	EUR '000
	Fixed term loan as at 1 January	**4,800**	**4,800**
	Repayment	(4,800)	(4,800)
	Drawdowns	4,800	4,800
	Fixed term loan as at 31 December	**4,800**	**4,800**

The Company fixed term loan of EUR 4,800,000 is held with LGT Bank Ltd with a term of 01 October 2020 to 31 March 2021 at a market interest rate of 0.25% (2019: EUR 4,800,000 at a market rate of 0.35% from LGT Bank Ltd). The fixed term loan is unsecured and rolled over on 31 March 2021 until 30 June 2021. Interest paid during 2020 totalled EUR 13,427 (2019: EUR 17,550).

14.	Creditors and other liabilities	2020	2019
		EUR '000	EUR '000
	Creditors	124	848
	Other liabilities – derivative financial instrument	-	9
	Total creditors and other liabilities	**124**	**857**

15.	Accruals and deferred income	2020	2019
		EUR '000	EUR '000
	Accrued expenses	4,600	7,778
		4,600	**7,778**

Notes to the financial statements

16. Share Capital

Ordinary Shares	2020 Number	2020 EUR	2019 Number	2019 EUR
Issued				
Issued share capital at 1 January	13,176,465	15,667,465	12,176,465	14,667,465
Issue of shares	-	-	1,000,000	1,000,000
Issued share capital at 31 December	**13,176,465**	**15,667,465**	**13,176,465**	**15,667,465**

The Company's share capital is currently EUR 13,176,465 divided into 13,176,465 shares with a nominal value of EUR 1.00 each, all fully paid up, of the same class. Holders of the Company's ordinary shares have no restrictions over their rights to the distribution of capital or over receipt of dividends. All shares have equal voting rights. All allotted share capital has been paid up. The authorised share capital of the Company is unlimited.

17. Retained earnings

	2020 EUR '000	2019 EUR '000
Opening balance	(8,849)	(8,920)
Total comprehensive profit for the year	436	71
Closing balance	**(8,413)**	**(8,849)**

18. Staff costs

Staff costs excluding directors

	2020 EUR '000	2019* EUR '000
Salaries	3,391	4,174
Pension	248	397
Social security cost	475	825
	4,114	**5,396**

*In 2019 the costs for the Company reflect six months of expenses for the old French branch prior to its spin off on 30 June 2019. The French subsidiary set up as part of the spin-off is reported separately for the second half of 2019.

18. Staff costs (continued)

Average number of employees excluding directors

	2020	2019
Administration	16	17
Deal team	7	14

Directors' emoluments

	2020 EUR '000	2019 EUR '000
Aggregate emoluments paid in respect of qualifying services	1,057	1,103
Of which:		
Highest paid director	528	552

19. Pension scheme

The Company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The Company's contributions to the scheme for services provided by employees for the year amounted to EUR 299,000 (31 December 2019: EUR 457,000). Amounts payable at year end were EUR 0 (31 December 2019: EUR 0).

20. Significant events during the period

The COVID-19 global pandemic has presented the Company with additional risks which are under constant monitoring and assessment by the Directors. As part of the ongoing monitoring, the Directors of the Company have assessed the main revenue and expense streams at an underlying fund level in order to ensure that management fees, the main revenue source for the Company, will continue to be received, and on a timely basis. Management fees are calculated on a committed capital basis which enables accurate forecasting of fee income. An analysis of the liquidity position of the underlying funds shows a similar result. The underlying funds have substantial credit facilities and undrawn committed capital, both of which could be used if required. The total expense base of the funds, excluding management fee expenses, is immaterial and will not detrimentally affect the overall liquidity position of the funds.

Notes to the financial statements

20. Significant events during the period (continued)

From an operational perspective, the existing business continuity policy and procedures have allowed for a seamless transition to a remote working environment with minimal business disruption. All staff employed directly by the Company, or those of other LGT entities providing services to other Group companies, have been equipped with remote working solutions, ensuring that business continues as normal.

A new fund is to be launched in 2021, with a target launch date of Q2 2021. It is expected that the business will grow accordingly. The Company will not act as the investment manager for the new fund, but will benefit from an associated fee share arrangement

During 2020 it was announced by LGT Group Foundation that the three business units held by LGT Group – LGT Private Banking, LGT Capital Partners and Lightstone – will in future be held directly by the Prince of Liechtenstein Foundation and will operate as independent stand-alone businesses. From January 2022 the LGT Capital Partners business unit, including the Company, will operate under a newly formed LGT Capital Partners Group.

21. Post balance sheet events

On 9 February 2021, G. Rechsteiner resigned as Company Secretary. B. Vicentini was appointed as Company Secretary on the same date. On 1 April 2021, O. de Perregaux resigned from the Board of Directors. J. Kossow was appointed to the Board of Directors on the same date.

22. Approval of financial statements

The financial statements were approved by the Board of Directors on 22 April 2021.

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LGT Group is represented in more than 20 locations in Europe, Asia and the Middle East.
A complete address list can be seen at **www.lgt.com**