

Notes to the financial statements for the period ended 31 December 2016

11 FINANCIAL INSTRUMENTS (continued)

Interest rate sensitivity analysis

The Company has no exposure to interest rate risk.

Credit risk management

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

Liquidity risk management

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

Fair value of financial instruments

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

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

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

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

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

Assets	Less than 1 year	1-2 years	3-5 years	5+ years	Total
2016	£	£	£	£	£
Investments at cost	-	-	-	51	51
Interest and other receivables	49	-	-	-	49
	<u>49</u>	<u>-</u>	<u>-</u>	<u>51</u>	<u>100</u>

12 RELATED PARTY TRANSACTIONS

Trading transactions

During the period the Company entered into the following transactions with related parties:

<u>Balance Sheet</u>	2016 £	2016 £
	Amounts owed by related parties	Amounts owed to related parties
Related party		
Equitix Hubco 3 Limited	<u>49</u>	-
	<u>49</u>	-

13 ULTIMATE PARENT UNDERTAKING

The Company's immediate parent company is Equitix Hubco 3 Limited, a company incorporated in England and Wales. The Company's ultimate parent and controlling entity, is Equitix Fund III LP, a limited partnership registered in England and Wales. The Company's results are not consolidated as the Company and its parent entities meet the criteria of Investment Entities under IFRS 10. Copies of Equitix Hubco 3 Limited accounts can be obtained from Companies House, Crown Way, Cardiff CF14 3UZ.

EQUITIX HUBCO 3 LIMITED

Notes to the financial statements for the year ended 31 December 2016

17 RELATED PARTY TRANSACTIONS

Trading transactions

During the period the Company entered into the following transactions with related parties:

Profit and loss account transactions

	Sale of Services 2016 £'000	Purchase of Services 2016 £'000	Sale of Services 2015 £'000	Purchase of Services 2015 £'000
Related party				
Equitix Limited	-	(659)	-	(492)
	-	(659)	-	(492)
	Interest income 2016 £'000	Interest expense 2016 £'000	Interest income 2015 £'000	Interest expense 2015 £'000
Related party				
Currie & Brown Equitix Limited	242	-	269	-
Hub SW Greenfaulds Sub Hub Co Limited	42	-	2	-
Hub SW NHSL Sub Hub Co Limited	81	-	123	-
Equitix Capital Eurobond 3 Ltd	-	(431)	-	(405)
	365	(431)	394	(405)

Balance Sheet

	Amounts owed by related parties 2016 £'000	Amounts owed to related parties 2016 £'000	Amounts owed by related parties 2015 £'000	Amounts owed to related parties 2015 £'000
Related party				
Currie & Brown Equitix Limited	3,184	-	429	-
Hub SW Greenfaulds Sub Hub Co Limited	1,088	-	2	-
Hub SW NHSL Sub Hub Co Limited	1,408	-	-	-
Equitix Limited	-	(1,151)	-	(492)
Equitix Capital Eurobond 3 Ltd	-	(6,420)	-	(467)
	5,660	(7,571)	431	(959)

18 ULTIMATE PARENT UNDERTAKING

The Company's immediate parent company is Equitix Capital Eurobond 3 Limited, a company incorporated in the United Kingdom. The Company's ultimate parent and controlling entity, is Equitix Fund III LP, a limited partnership registered in England and Wales. The Company's results are not consolidated as the Company and its parent entities meet the criteria of Investment Entities under IFRS 10. Copies of Equitix Capital Eurobond 3 Limited accounts can be obtained from Companies House, Crown Way, Cardiff CF14 3UZ.

19 FUTURE COMMITMENTS

On 19 December 2014, Equitix Hubco 3 Limited, a subsidiary undertaking of Equitix Fund III LP, signed an agreement with Equitix Limited in relation to the provision of services for the development of the Wick Community Campus Project. This agreement falls under the Forward Investment Agreement ("FIA") between Equitix Limited, Equitix Fund III LP and Equitix Investment Management Limited, dated 10 June 2013, in which the Fund is committed to pay in aggregate a further £427,604 once construction has been completed.

EQUITIX CAPITAL EUROBOND 3 LIMITED

Notes to the financial statements for the year ended 31 December 2016

18 FUTURE COMMITMENTS

The Company is committed to investing £89.90m (2015: £67.68m) across its underlying infrastructure assets, Solutions for North Tyne Limited, Hayabusa Limited, AmeyCespa (AWRP) SPV Limited, Equitix (Howden House) Limited, Hub South West Scotland (Greenfaulds) Limited, NPH Healthcare Limited, North West Priority Schools, Hub North Scotland (Anderson) Limited, Midlands Priority Schools, Full Circle Generation Limited, Hub North Scotland (Elgin) Limited, Hub North Scotland (Wick) Limited and Welken 3 Limited. These commitments shall be called on upon successful completion of the construction phases.

19 ULTIMATE PARENT UNDERTAKING

The Company's immediate parent company is Equitix Fund Holdco 3 Limited, a Company incorporated in Guernsey. The Company's ultimate parent and controlling entity, is Equitix Fund III LP, a Limited Partnership registered in England and Wales. The Company's results are not consolidated as the Company and its ultimate parent entity meets the criteria of Investment Entities under IFRS 10. The Company's parent does not prepare consolidated accounts.

20 POST BALANCE SHEET

On 6 January 2017, Full Circle Generation Limited issued a drawdown notice to the Company for £97k. At the same time the Company entered in to loan agreement with Equitix Capital Eurobond 3 Limited for the purpose of financing the shareholder drawdown.

On 10 January 2017 the Hub North Scotland (Wick) Limited project reached practical completion. As a result the Company paid the £427,604 premium to Equitix Limited

On 5 April 2017, Full Circle Generation Limited issued a drawdown notice to the Company for £344k. At the same time the Company entered in to loan agreement with Equitix Capital Eurobond 3 Limited for the purpose of financing the shareholder drawdown.

194308/100

SAME DAY

CHFP025

A fee is payable with this form.

SAME DAY LP5

LIMITED PARTNERSHIPS ACT 1907

Application for Registration of a Limited Partnership

(In accordance with section 8 of the Limited Partnerships Act 1907)

Name of firm or partnership ① Equitix Fund III LP

We the undersigned, being the partners of the above-named firm, hereby apply for registration as a limited partnership and for that purpose supply the following particulars:

The general nature of the business

To carry on the business of investment and to carry out all functions and acts in connection with such business.

The principal place of business

Boundary House, 91-93 Charterhouse Street, London EC1M 6HR

The term, if any, for which the limited partnership is to be entered into ②

The Partnership will continue until it is wound up in accordance with the provisions of the limited partnership agreement of the partnership.

FRIDAY



L22A81TE

LD1 15/02/2013 #39
COMPANIES HOUSE

Please give the name and signatures of each general partner

Names	Signatures
Equitix GP 3 Limited	
	HUGH CROSSLEY

Please give the name, amount contributed and signature of each limited partner

Names	Amount contributed ③	Signatures
Equitix No. 3 Limited	£1, paid in cash	
		NGB PARKER

- ① This must include the appropriate name ending.
 ② This begins with the date of registration.
 ③ State the amount contributed by each limited partner, and whether paid in cash, or how otherwise.

Please be aware that all information on this form will be available on the public record

When you have completed the form, please send to the Registrar of Companies.

TUESDAY

A19 12/02/2013 #243
COMPANIES HOUSE

Presented by:
 Ashurst LLP
 Broadwalk House
 5 Appold Street

Presenter's reference: EQU99.00004/AKING

Date: 08/02/ 2013



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EQUITIX GP 3 LIMITED

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Company Details



Documents

Register	Guernsey Registered Company		
Company Reg Number	55700		
Company Name	EQUITIX GP 3 LIMITED		
Alternative Name	N/A		
Company Type	Non Cellular Company		
Company Classification	GFSC Regulated Management Company		
Company Status	Normal (as at 04 October 2012)		
Registered Office Address	PO Box 119 Martello Court Admiral Park St Peter Port GUERNSEY GY1 3HB		
Economic Activity Type	Trusts, companies and other structures administered by fiduciaries (10.2.1)		
Liability Type	Limited by Shares	Waive AGMs?	Yes
Company Registered Date	04 October 2012	Audit Exempt Annual?	No
Resident Agent Exempt?	Yes	Audit Exempt Indefinite?	No

Purchase Documents:

Certificate of Good Standing (Certified) (£25.00)

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EQUITIX NO. 3 LIMITED

Notes to the financial statements for the year ended 31 December 2017 (continued)

7 INVESTMENTS AT FAIR VALUE THROUGH PROFIT AND LOSS (CONTINUED)

As discussed in note 1, the investment represents the Company's 1% interest in Equitix Fund III LP. On the Balance Sheet this is presented as an investment at cost less impairment and as a debtor representing share of participating interest in the Partnership (note 8). A reconciliation to fair value of the investment is presented in this note, being the aggregate of investment cost and share of participating interest.

The Company is obliged by the terms of the Limited Partnership Agreement to invest up to £5,050,505 (2016: £5,050,505) into Equitix Fund III LP as required.

8 DEBTORS

	2017 £	2016 £
Amounts owed by parent undertakings	100	100
Amounts owed by participating interests	2,282,886	1,250,607
	<u>2,282,986</u>	<u>1,250,707</u>

7 The Company has recognised a debtor for the share of results of Equitix Fund III LP for the year. This debtor is repaid when the Company receives distributed earnings from Equitix Fund III LP.

9 CREDITORS

	2017 £	2016 £
Amounts falling due within one year		
Amounts owed to group undertaking	1,050,743	610,442
	<u>1,050,743</u>	<u>610,442</u>
Amounts falling due after more than one year		
Amounts owed to group undertaking	4,395,111	3,819,795
	<u>4,395,111</u>	<u>3,819,795</u>

The Company has an intercompany loan agreement with Equitix Finance Limited, a fellow group undertaking, for all capital requirements of the Company, falling ultimately due in June 2038, however, the Company may make repayments before this due date. The interest rate is fixed at 11%, the Company has no further debt liabilities.

10 CALLED UP SHARE CAPITAL

	2017 £	2016 £
Allotted, called up and unpaid:		
Ordinary shares at £1 each	100	100

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. There are no associated rights or preferences relating to the Ordinary Shares.

11 TRANSACTIONS WITH RELATED PARTIES

As a 100% subsidiary of Equitix Holdings Limited, the Company has taken advantage of the Qualifying Entity exemption under FRS 102 not to provide information on related party transactions with other undertakings or key management remuneration within the Equitix Holdings Limited group. Note 12 gives details of how to obtain a copy of the published financial statements of Equitix Holdings Limited.

12 ULTIMATE PARENT

The Company's immediate parent, and the smallest group in which its results are consolidated is Equitix Holdings Limited, a Company incorporated in the United Kingdom and registered in England and Wales. Copies of the consolidated accounts of Equitix Holdings Limited are available from Companies House, Crown Way, Maindy, Cardiff CF14 3UZ.

The Company's ultimate parent, and the largest group in which its results are consolidated is Pace Topco Limited, a company incorporated in the United Kingdom and registered in England and Wales. Copies of the consolidated accounts of Pace Topco Limited are available from Companies House, Crown Way, Maindy, Cardiff CF14 3UZ. The Company's ultimate controlling company is Tetragon Financial Group Limited, a company incorporated and registered in Guernsey.

Notes to the Company financial statements for the year ended 31 December 2016

7 TRANSACTIONS WITH RELATED PARTIES

The Company has provided a loan to its subsidiary Equitix Limited for £944 and has received an upstream loan of £70,000 from Equitix Limited. Both transactions have been provided at zero interest coupon and can be redeemed on demand by either party.

8 ULTIMATE PARENT UNDERTAKING

The Company's immediate parent undertaking is Pace Bidco Limited, a company incorporated in the United Kingdom and registered in England and Wales. Copies of the accounts of Pace Bidco Limited are available from Companies House, Crown Way, Maindy, Cardiff CF14 3UZ.

The Company's ultimate parent, and the largest group in which its results are consolidated is Pace Topco Limited, a company incorporated in the United Kingdom and registered in England and Wales. Copies of the consolidated accounts of Pace Topco Limited are available from Companies House, Crown Way, Maindy, Cardiff CF14 3UZ.

Notes to the financial statements for the year ended 31 December 2016

11 FINANCIAL INSTRUMENTS continued

The following tables detail the Company's remaining contractual maturity for its non-derivative financial liabilities. The tables have been drawn up on undiscounted cash flows of financial liabilities based on the earliest date the Company could be required to satisfy borrowing repayments. The table includes principal repayment and assumed interest cash flows:

Liabilities

	Less than 1 year	1-2 years	2-5 years	5+ years	Total
2016	£	£	£	£	£
External borrowings	10,000,000	10,000,000	25,000,000	-	45,000,000
Loans from related parties	4,043,376	1,208,333	3,024,448	113,173,507	121,449,665
	<u>14,043,376</u>	<u>11,208,333</u>	<u>28,024,448</u>	<u>113,173,507</u>	<u>166,449,665</u>
2015	£	£	£	£	£
External borrowings	8,000,000	10,000,000	35,000,000	-	53,000,000
Loans from related parties	2,315,785	1,208,333	4,232,782	102,553,947	110,310,847
	<u>10,315,785</u>	<u>11,208,333</u>	<u>39,232,782</u>	<u>102,553,947</u>	<u>163,310,847</u>

The details of external borrowings are disclosed in note 8.

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

Assets

	Less than 1 year	1-2 years	2-5 years	5+ years	Total
2016	£	£	£	£	£
Cash and cash equivalents	552	-	-	-	552
	<u>552</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>552</u>
2015	£	£	£	£	£
Cash and cash equivalents	552	-	-	-	552
	<u>552</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>552</u>

12 RELATED PARTY TRANSACTIONS

As a 100% subsidiary of Pace Topco Limited, the Company has taken advantage of the qualifying entity exemption under FRS102 not to provide information on related party transactions with other undertakings of Pace Topco Limited, details of how to obtain copies of the financial statements of Pace Topco Limited are disclosed in note 13 below.

13 ULTIMATE PARENT

The Company's immediate and ultimate parent, and the largest group in which its results are consolidated is Pace Topco Limited, a company incorporated in the United Kingdom and registered in England and Wales. Copies of the consolidated accounts of Pace Topco Limited are available from Companies House, Crown Way, Maindy, Cardiff CF14 3UZ.

Notes to the Company financial statements for the year ended 31 December 2016

7 TRANSACTIONS WITH RELATED PARTIES

The Company has made a loan to Pace Bidco Limited as disclosed in note 4, and has received a loan from Tetragone Financial Group Limited and various members of the Equitix Holdings Limited management as disclosed in note 5.

8 ULTIMATE PARENT UNDERTAKING

The Company and Group's immediate parent undertaking is Pace Cayman Holdco Limited (registration number 00291493) whose registered office is at PO Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands. The Company and Group's ultimate parent undertaking and controlling party is Tetragon Financial Group Limited (registration number 43321), whose registered office is 1st Floor Dorey Court, Admiral Park, St. Peter Port, Guernsey GY1 6HJ.



General Registry

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Entity Name

Pace Cayman Holdco Limited

 Search

Entity Name

PACE CAYMAN HOLDCO LIMITED

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The information provided to the public on companies are as follows: Company Name and Number, Place and Date of Incorporation, Type of Company, Status, Registered office and Address - any other information and or documents must be requested from the Company's Registered Office.

Please note that this policy also applies to Partnerships and Trusts - however, anyone wishing to obtain further information on a Partnership may inspect the file at the General Registry Department by appointment only.

Terms & Conditions

General Registry | Ground Floor, Government Admin Building, Grand Cayman, Cayman Islands

TETRAGON FINANCIAL GROUP MASTER FUND LIMITED

NOTES TO THE FINANCIAL STATEMENTS – (continued)

As at 31 December 2017

Note 17 Related-Party Transactions (continued)

TFG Asset Management which owns Polygon's asset management businesses and infrastructure platform and interests in LCM and GreenOak, was acquired on 28 October 2012 (the "Acquisition"). As part of the Acquisition, Reade Griffith and Paddy Dear, as founders of Polygon, were awarded consideration in non-voting shares of the Feeder, which vested between 2015 and 2017. During the year ended 31 December 2017, Reade Griffith and Paddy Dear received 2,474,887 and 873,487 shares respectively in relation to this transaction as the final tranche was released.

It was contractually agreed as part of the Acquisition that to the extent any annual compensation actually paid to each of Reade Griffith and Paddy Dear in respect of his employment with the Fund exceeds an annual base salary of US\$ 100,000, they would promptly return such excess amount to the Fund. During the year ended 31 December 2017 total compensation paid to them each in aggregate was US\$ 100,000 (31 December 2016: US\$ 100,000).

Reade Griffith and Paddy Dear continue to hold membership interests in Polygon Global Partners LLP (the "U.K. Investment Manager") which collectively entitle them to exercise all of the voting rights in respect of the U.K. Investment Manager.

As part of the Acquisition, each of Mr. Griffith and Mr. Dear has agreed that he will (i) exercise his voting rights in a manner that is consistent with the best interests of the Fund and (ii) upon the request of the Fund, for nominal consideration, sell, transfer and deliver his membership interests in the U.K. Investment Manager to the Fund.

The U.K. Investment Manager and Polygon Global Partners LP (together the "Service Providers") provide operational, financial control, trading, marketing and investor relations, legal, compliance, administrative, payroll and employee benefits and other services to the Investment Manager in exchange for fees payable by the Investment Manager to the Service Providers. One of these entities, the U.K. Investment Manager, which is authorised and regulated by the United Kingdom Financial Conduct Authority, also provides services to the Investment Manager relating to the dealing in and management of investments, arranging of deals and advising on investments.

In addition, the Service Providers also provide infrastructure services to GreenOak and operating, infrastructure and administrative services to Polygon Private Investment Partners LP, an affiliate of the Voting Shareholder, pursuant to applicable separate services agreements.

TFG Asset Management, through the Service Providers has implemented a cost-allocation methodology with the objective of allocating service-related costs, including to the Investment Manager. TFG Asset Management then charges fees for the services allocated on a cost-recovery basis that is designed to achieve full recovery of the allocated costs. In the year, the amount recharged to the Investment Manager was US\$ 17.3 million (31 December 2016: US\$ 14.0 million), GreenOak US\$ 0.5 million (31 December 2016: US\$ 0.6 million) and Polygon Private Investment Partners LP US\$ 0.2 million (31 December 2016: US\$ 0.2 million). During 2017, the Fund purchased 0.1 million shares from TFG Asset Management for US\$ 1.0 million using then-current share price of US\$ 13.12.

Reade Griffith and Paddy Dear also hold membership interests in Pace Cayman Holdco Limited ("Pace Holdco"), an entity through which the Fund ultimately owns its equity stake in Equitix. These membership interests collectively entitle them to exercise all of the voting rights in respect of Pace Holdco. Each of Mr. Griffith and Mr. Dear has agreed that he will (i) exercise his voting rights in a manner that is consistent with the best interests of the Fund and (ii) upon the request of the Fund, for nominal consideration, sell, transfer and deliver his membership interests in the Pace Holdco to the Fund.

The Fund holds CLO equity investments in CLOs which are managed by LCM. In total, as at 31 December 2017, it held CLO equity tranche investments in 11 CLOs managed by LCM with a fair value of US\$ 191.9 million (31 December 2016: US\$ 202.0 million).