

WHITE OAK PANTHEON (U.K.) LIMITED

**FINANCIAL STATEMENTS - LIQUIDATION BASIS
(UNAUDITED)**

**AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2020 AND
DECEMBER 31, 2019**

Registered number 11424726



WHITE OAK PANTHEON (U.K.) LIMITED

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WHITE OAK PANTHEON (U.K.) LIMITED

DIRECTORS' REPORT

As of and for the year ended December 31, 2020

Directors' Report

The Directors present their report and the financial statements for the year ended December 31, 2020.

Principal activity and business review

White Oak Pantheon (U.K.) Limited (the "Company") is a private limited company incorporated on June 20, 2018 under the laws of England & Wales. The principal activity of the Company is to earn interest and other income by lending and/or investing in the debt instruments issued by portfolio companies.

The Company made a profit of £3,831,738 for the year ended December 31, 2020.

Future developments

The Company had entered into a loan agreement with British Steel Ltd ("BSL") on July 2, 2018. However, on May 22, 2019, the High Court appointed the Official Receiver as liquidator of BSL on the petition of BSL's directors. A marketing process with the objective of securing a sale of the business and assets of BSL is presently underway. The Company has collected its loan outstanding balance from BSL in 2020, therefore, as such, the Directors of the Company believe that the Company may discontinue its operations.

Financial risk management

The narrative disclosure in relation to the Company's policies for financial risk management, including credit risk, liquidity risk and interest rate risk and the nature of financial instruments used during the period to mitigate exposure to these risks is shown in note 15 of these financial statements.

Directors' Responsibilities Statement

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

WHITE OAK PANTHEON (U.K.) LIMITED

DIRECTORS' REPORT

As of and for the year ended December 31, 2020

Directors' Report (continued)

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 state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies for the Company's financial statements and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have 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. As discussed above, the Company has collected its loan outstanding balance from BSL in 2020, therefore, as such, the Directors of the Company believe that the Company may discontinue its operations.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with 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.

Directors

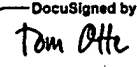
The Directors who served during the period and up to the date of this report were:

Thomas Otte

Philip Neal

Results and Dividends

The results for the period are shown in the Statement of Comprehensive Income on page 3. £2,334,788 dividend was distributed for the year ended December 31, 2020.

DocuSigned by:

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Thomas Otte

Director

WHITE OAK PANTHEON (U.K.) LIMITED**STATEMENTS OF COMPREHENSIVE INCOME - LIQUIDATION BASIS
(UNAUDITED)****For the years ended December 31, 2020 and December 31, 2019**

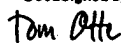
| | Note | 2020 £ | 2019 £ |
|--|-------------|-------------------|-------------------|
| Turnover | 3 | 526,620 | 5,237,790 |
| Gross profit | | <u>526,620</u> | <u>5,237,790</u> |
| Administrative expenses | | (169,000) | (557,488) |
| Other operating income | 4 | 2,177,683 | 3,010,185 |
| Operating profit | | <u>2,535,303</u> | <u>7,690,487</u> |
| Interest expense | 5 | (526,799) | (4,926,545) |
| Foreign exchange gain | 6 | 3,322,037 | 3,313,541 |
| Fair value change on derivative | 7 | (600,000) | (1,993,276) |
| Income before tax | | <u>4,730,541</u> | <u>4,084,207</u> |
| Tax on income on ordinary activities | 14 | (898,803) | (775,999) |
| Income for the year | | <u>3,831,738</u> | <u>3,308,208</u> |
| Other comprehensive income for the year | | - | - |
| Profit and loss account | | <u>3,831,738</u> | <u>3,308,208</u> |
| Total comprehensive income for the financial year attributable to: | | | |
| Owners of the Company | | 3,831,738 | 3,308,208 |
| | | <u>3,831,738</u> | <u>3,308,208</u> |

The notes on pages 7 to 14 form part of these financial statements.

WHITE OAK PANTHEON (U.K.) LIMITED**STATEMENTS OF FINANCIAL CONDITION - LIQUIDATION BASIS
(UNAUDITED)****At December 31, 2020 and December 31, 2019**

| | Note | 2020 £ | 2019 £ |
|--|------|------------------|-------------------|
| Fixed assets | | | |
| Investment in derivative, at fair value | | - | 600,000 |
| Current assets | | | |
| Debtors: Amounts falling due within one year | 8 | - | 24,861,676 |
| Cash in bank | 9 | 748,649 | 4,626,211 |
| Other assets | | 528,358 | - |
| | | <u>1,277,007</u> | <u>29,487,887</u> |
| Creditors: Amounts falling due within one year | 11 | (896,932) | (27,437,207) |
| Accounts payable and accrued expenses | | (50,335) | (112,945) |
| Other liabilities | | (229,973) | (210,919) |
| Net current assets | | <u>99,767</u> | <u>1,726,816</u> |
| Total assets less liabilities | | <u>99,767</u> | <u>2,326,816</u> |
| Capital and reserves | | | |
| Called-up share capital | 13 | 1 | 3,724,000 |
| Profit and loss account | | 99,766 | (1,397,184) |
| Total liabilities and members' equity | | <u>99,767</u> | <u>2,326,816</u> |

The financial statements were approved and authorized for issue by the board and were signed on its behalf on July 30, 2021.



Tom Otte

Director

For the year ended December 31, 2020, the company was entitled to exemption from audit under section 477 of the Companies Act 2006 relating to small companies.

The members have not required the company to obtain an audit of its accounts for the year in question in accordance with section 476.

The directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts.

These accounts have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime.

The notes on pages 7 to 14 form part of these financial statements.

WHITE OAK PANTHEON (U.K.) LIMITED**STATEMENTS OF CHANGES IN EQUITY - LIQUIDATION BASIS
(UNAUDITED)****For the years ended December 31, 2020 and December 31, 2019**

| | <u>Called-up Share Capital</u> | <u>Profit and Loss Account</u> | <u>Total Capital and Reserves</u> |
|---|---|---|--|
| | £ | £ | £ |
| Balance at January 1, 2020 | 3,724,000 | (1,397,184) | 2,326,816 |
| Total comprehensive income for the year | - | 3,831,738 | 3,831,738 |
| Return of capital | (3,723,999) | - | (3,723,999) |
| Dividends paid | - | (2,334,788) | (2,334,788) |
| Balance at December 31, 2020 | <u>1</u> | <u>99,766</u> | <u>99,767</u> |
| | <u>Called-up Share Capital</u> | <u>Profit and Loss Account</u> | <u>Total Capital and Reserves</u> |
| | £ | £ | £ |
| Balance at January 1, 2019 | 3,724,000 | 212,262 | 3,936,262 |
| Total comprehensive income for the year | - | 3,308,208 | 3,308,208 |
| Dividends paid | - | (4,917,654) | (4,917,654) |
| Balance at December 31, 2019 | <u>3,724,000</u> | <u>(1,397,184)</u> | <u>2,326,816</u> |

The notes on pages 7 to 14 form part of these financial statements.

WHITE OAK PANTHEON (U.K.) LIMITED**STATEMENTS OF CASH FLOWS - LIQUIDATION BASIS
(UNAUDITED)****For the years ended December 31, 2020 and December 31, 2019**

| | 2020 | 2019 |
|--|--------------------|---------------------|
| | £ | £ |
| Cash flows from operating activities | | |
| Income for the year | 3,831,738 | 3,308,208 |
| Adjustment for: | | |
| Fair value change on derivative | 600,000 | 1,993,276 |
| Taxation | 898,803 | 775,999 |
| Operating income | (2,177,683) | (3,010,185) |
| Interest received | 59 | 3,764,945 |
| Interest paid | 235,646 | (2,069,689) |
| Decrease (increase) in debtors | 24,955,367 | (3,483,599) |
| Increase in other assets | (528,358) | - |
| Decrease in creditors | (27,674,724) | (974,194) |
| Increase in accounts payable and accrued expenses | (62,610) | 64,028 |
| Increase in other liabilities | 19,054 | 21,412 |
| Net cash provided by operating activities | <u>97,292</u> | <u>390,201</u> |
| Cash flows from investing activities | | |
| Cash received from debtors | <u>2,083,933</u> | <u>49,837,928</u> |
| Cash flows from financing activities | | |
| Return of capital | (3,723,999) | - |
| Dividends paid | (2,334,788) | (4,917,654) |
| Decrease in loans | - | (43,373,773) |
| Net cash used in financing activities | <u>(6,058,787)</u> | <u>(48,291,427)</u> |
| Cash, beginning of year | <u>4,626,211</u> | <u>2,689,509</u> |
| Cash, end of year | <u>748,649</u> | <u>4,626,211</u> |
| Cash and cash equivalents at the end of the year comprise: | | |
| Cash in bank | <u>748,649</u> | <u>4,626,211</u> |

The notes on pages 7 to 14 form part of these financial statements.

WHITE OAK PANTHEON (U.K.) LIMITED

NOTES TO FINANCIAL STATEMENTS - LIQUIDATION BASIS (UNAUDITED)

1. Accounting policies

1.1 General information and basis of preparation of financial statements

White Oak Pantheon (U.K.) Limited (the "Company") is a private company limited by shares, incorporated on June 20, 2018 under the laws of England and Wales. The address of the registered office is #21 St. Thomas Street., Bristol, United Kingdom.

All the Company's share is owned by White Oak ABL (Cayman Islands), Ltd., (the "Shareholder") a company incorporated in the Cayman Islands.

The functional currency of the Company is the pound sterling ("£") because that is the currency of the primary economic environment in which the Company operates.

Transaction in foreign currencies are recorded at the rate of exchange at the date of the transaction. Monetary assets and liabilities in foreign currencies are translated at year-end rates. Any resulting exchange differences are taken to the income statement.

The financial statements are prepared in accordance with applicable law and United Kingdom ("UK") accounting standards. The principle accounting policies are summarized below. All accounting policies have been consistently applied throughout the year.

The financial statements have been prepared under the historical cost convention and in accordance with Financial Accounting Standard 102, the Financial Reporting Standard ("FRS") applicable in the UK and the Republic of Ireland and Companies ACT 2006.

The financial year of the Company runs from January 1 to December 31.

1.2 Going concern

The financial statements of the Company are not prepared under going concern assumption. The Company had entered into a loan agreement with British Steel Limited ("BSL") on July 2, 2018. However, on May 22, 2019, the High Court appointed the Official Receiver as liquidator of BSL on the petition of BSL's directors. The Company has collected its loan outstanding balance from BSL in 2020, therefore, as such, the Directors of the Company believe that the Company may discontinue its operations.

1.3 Revenue

The Company generates revenue primarily in the form of interest income from the debt securities it holds. The interest income is recognized at an effective interest rate that factors in all associated cashflows.

1.4 Debtors

Short term debtors are measured at transaction price, less any impairment. Loan receivables are measured initially at fair value, net of transaction costs and are measured subsequently at amortized cost using the effective interest method, less any impairment.

WHITE OAK PANTHEON (U.K.) LIMITED

NOTES TO FINANCIAL STATEMENTS - LIQUIDATION BASIS (UNAUDITED)

1. Accounting policies (continued)

1.5 Cash and cash equivalents

Cash is represented by cash deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Statement of Cash Flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Company's cash management.

1.6 Financial instruments

The Company enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable, loans from affiliates.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable are initially measured at present value of the future cash flows and subsequently, at amortized cost using the effective interest method. Debt instruments that are repayable or receivable within one year, typically trade payables or receivables, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However if the arrangements of a short-term instruments constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate in case of an out-right short-term loan not at market rate or financed at a rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortized cost.

Financial assets that are measured at cost and amortized cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognized in the Statement of Income.

For financial assets measured at amortized cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

The derivative instrument utilized by the Company is forward foreign currency contracts. Such instrument is used for hedging purposed to alter the risk profile of an existing underlying exposure of the Company in line with the Company's risk management policy. Derivative financial instruments are classifying as held for trading and recorded at fair value, with any gain or loss on re-measurement being recognized in the Statement of Income. The Company does enter into speculative derivative contracts. The Company does not apply hedge accounting. As allowed under FRS 102 section 11.2 the Company has elected to apply International Accounting Standard 39 on the recognition and subsequent measurement of its derivative instrument.

Financial assets and liabilities are offset and the net amount reported in the Statement of Financial Condition when there is an enforceable right to set off the recognized amounts and there is an intention to settle on a net basis or to realize the asset and settle the liability simultaneously.

WHITE OAK PANTHEON (U.K.) LIMITED

NOTES TO FINANCIAL STATEMENTS - LIQUIDATION BASIS (UNAUDITED)

1. Accounting policies (continued)

1.7 Creditors

Short-term trade creditors are measured at the transaction price. Other financial liabilities, including loan from affiliate, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortized cost using effective interest method.

1.8 Taxation

Current tax is recognized for the amount of income tax payable in respect of the taxable profit for the current or past reporting periods using the rates and laws that have been enacted or substantively enacted by the reporting date.

Deferred tax is recognized in respect at all timing differences at the reporting date, except as otherwise indicated.

Deferred tax assets are only recognized to the extent that it is possible that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

If and when all conditions for retaining tax allowances for the cost of a fixed asset have been met, the deferred tax is reversed.

Deferred tax is recognized when income or expenses from a subsidiary or associate have been recognized, and will be assessed for tax in a future period, except where:

- The Company is able to control the reversal of the timing difference; and
- It is probable that the timing difference will not be reverse in the foreseeable future.

Deferred tax recognized is calculated using tax rates and laws that have been enacted or substantially enacted by the reporting date that are expected to apply to the reversal of the timing difference.

With the exception of changes arising on the initial recognition of a business combination, the tax expense (income) is presented either in profit or loss, other comprehensive income or equity depending on the transaction that resulted in the tax expense (income).

Deferred tax liabilities are presented within Creditors and deferred tax assets within Debtors. Deferred tax assets and deferred tax liabilities are offset only if:

- The Company has a legally enforceable right to set off current tax assets against current tax liabilities; and
- The deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority or either the same taxable entity or difference taxable entities which intend either to settle current tax liabilities and assets on a net basis; or to realize the assets and settle the liabilities simultaneously.

WHITE OAK PANTHEON (U.K.) LIMITED

NOTES TO FINANCIAL STATEMENTS - LIQUIDATION BASIS (UNAUDITED)

2. Critical accounting judgements and key sources of estimation in uncertainty

In the application of the Company's accounting policies the Directors are required to make judgements (other than those involving estimations) that have a significant impact on the amounts recognized and to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only the periods or in the period of the revision and future periods if the revision affects both current and future periods.

There are no critical judgements involves in applying in the Company's accounting policies which affect the amounts recognized in the financial statements. The accounting estimates and assumptions which affect the reported amount of assets and liabilities within the financial estimates are set out below.

Impairment of receivables

The main area in the financial statements where a judgement is made is in the impairment of its own book agreements. Receivables are written off when there is judged to be no realistic prospect of recovery. Specific provisions are made to reduce all impaired balances to their estimated realizable values.

The Company assesses at each balances sheet date whether there is objective evidence that a financial asset or group of financial assets are impaired. A financial assets, or a group of financial assets is impaired and impairment losses are incurred if, and only if, there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a loss event) and that loss event (or events) has an impact on estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Objective evidence that a financial asset, or group of assets, is impaired includes observable data that comes to the attention of the Company about the following loss events:

- Delinquency in contractual payments of principal or interest;
- Cash flow difficulties;
- Breach of loan covenants or conditions; and
- Initiation of bankruptcy proceedings.

The provisioning rates applied when a loan hits a loss event trigger are informed by historical experience and are deemed a key source of estimation uncertainty.

3. Turnover

An analysis of turnover by class of business is as follows:

| | 2020 | 2019 |
|--|----------------|------------------|
| | £ | £ |
| Funding Activities - interest receivable | 526,620 | 5,237,790 |
| | <u>526,620</u> | <u>5,237,790</u> |

WHITE OAK PANTHEON (U.K.) LIMITED**NOTES TO FINANCIAL STATEMENTS - LIQUIDATION BASIS
(UNAUDITED)****4. Other operating income**

| | 2020 | 2019 |
|------------------------|------------------|------------------|
| | £ | £ |
| Make whole fees | 1,466,867 | 705,791 |
| Yield maintenance fees | 617,066 | 1,565,554 |
| Facility fees | 93,750 | 675,000 |
| Amendment fees | - | 28,571 |
| Valuation fees | - | 19,594 |
| Annual fees | - | 15,675 |
| | <u>2,177,683</u> | <u>3,010,185</u> |

5. Interest expense

| | 2020 | 2019 |
|-----------------------|----------------|------------------|
| | £ | £ |
| Loan interest expense | 526,799 | 4,926,545 |
| | <u>526,799</u> | <u>4,926,545</u> |

6. Foreign exchange gain

| | 2020 | 2019 |
|--------------------------|------------------|------------------|
| | £ | £ |
| Gain on foreign exchange | 3,322,037 | 3,313,541 |
| | <u>3,322,037</u> | <u>3,313,541</u> |

7. Investment in derivative, at fair value

| | 2020 | 2019 |
|---------------------------------|------------------|--------------------|
| | £ | £ |
| Fair value change on derivative | (600,000) | (1,993,276) |
| | <u>(600,000)</u> | <u>(1,993,276)</u> |

8. Debtors

| | 2020 | 2019 |
|----------------------------|-------------|-------------------|
| | £ | £ |
| Due within one year | | |
| Loan receivable | - | 24,701,448 |
| Deferred loan fees | - | (93,750) |
| Loan interest receivable | - | 253,978 |
| | <u>-</u> | <u>24,861,676</u> |

9. Cash in bank

| | 2020 | 2019 |
|--------------|----------------|------------------|
| | £ | £ |
| Cash in bank | 748,649 | 4,626,211 |
| | <u>748,649</u> | <u>4,626,211</u> |

WHITE OAK PANTHEON (U.K.) LIMITED

NOTES TO FINANCIAL STATEMENTS - LIQUIDATION BASIS (UNAUDITED)

10. Analysis of changes in net debt

| | Beginning £ | Cash Flows £ | Non-Cash Changes £ | Ending £ |
|---|-------------------|---------------------|--------------------------|----------------|
| Cash | | | | |
| Cash at bank | 4,626,211 | (3,877,562) | - | 748,649 |
| | <u>4,626,211</u> | <u>(3,877,562)</u> | <u>-</u> | <u>748,649</u> |
| Borrowings | | | | |
| Debtors: Amount falling due within one year | 24,861,676 | (25,482,045) | 620,369 | - |
| | <u>24,861,676</u> | <u>(25,482,045)</u> | <u>620,369</u> | <u>-</u> |
| Total | <u>29,487,887</u> | <u>(29,359,607)</u> | <u>620,369</u> | <u>748,649</u> |

11. Creditors: Amounts falling due within one year

| | 2020 £ | 2019 £ |
|-----------------------|----------------|-------------------|
| Taxation | 896,932 | 874,203 |
| Loan payable | - | 26,531,677 |
| Loan interest payable | - | 31,326 |
| | <u>896,932</u> | <u>27,437,207</u> |

12. Financial instruments

| | 2020 £ | 2019 £ |
|--|------------------|-------------------|
| Financial assets | | |
| Financial assets that are basic debt instruments including trade debtors that are measured at amortized cost and cash in bank | 1,277,007 | 29,487,887 |
| Fair value of derivatives | - | 600,000 |
| | <u>1,277,007</u> | <u>30,087,887</u> |
| Financial liabilities | | |
| Financial liabilities that are external and internal financial debt liabilities including loans, measured on an amortized cost basis | - | 26,563,003 |
| Other financial liabilities including interest payable trade and other payables | 1,177,240 | 1,198,067 |
| | <u>1,177,240</u> | <u>27,761,070</u> |

WHITE OAK PANTHEON (U.K.) LIMITED

NOTES TO FINANCIAL STATEMENTS - LIQUIDATION BASIS (UNAUDITED)

13. Share capital

| | 2020 Nominal value £ | 2019 Nominal value £ |
|--|----------------------------|----------------------------|
| Shares classed as equity allotted, called up and fully paid | | |
| Authorized | 1 | 3,724,000 |
| Issued and fully paid shares of 1 and 3,724,000 at £1.00 each | <u>1</u> | <u>3,724,000</u> |
| | | |
| | 2020 | 2019 |
| Ordinary shares | | |
| Shares in issue at the beginning of the year | 3,724,000 | 3,724,000 |
| Return of capital | (3,723,999) | - |
| Shares in issue at end of the year | <u>1</u> | <u>3,724,000</u> |

14. Taxation

| | 2020 £ | 2019 £ |
|--|----------------|----------------|
| Corporation tax | | |
| UK corporation tax on profits for the year | 898,803 | 775,999 |
| | <u>898,803</u> | <u>775,999</u> |

15. Risk management

Credit risk

The Company invests in loans. Until the loans are sold or matured, the Company is exposed to credit risk relating to whether the borrower will meet its obligations when they come due.

The maximum exposure to credit risk for the Company is as follows:

| | 2020 £ | 2019 £ |
|---------------------------------|----------------|-------------------|
| Cash in bank | 748,649 | 4,626,211 |
| Debtors and interest receivable | - | 24,955,426 |
| | <u>748,649</u> | <u>29,581,637</u> |

The above table represents the maximum credit risk exposure to the Company at December 31, 2020 and 2019. No assets have been found to be individually impaired as a result of this risk. During the year-ended December 31, 2020, the Company has collected its outstanding receivable balance.

WHITE OAK PANTHEON (U.K.) LIMITED

NOTES TO FINANCIAL STATEMENTS - LIQUIDATION BASIS (UNAUDITED)

15. Risk management (continued)

Liquidity risk

The Company mitigates this risk by financing itself to the level required to meet its liquidity needs. Cash flows for the business are monitored by the Directors on a request basis.

Regulatory risk

The Company is subject to regulatory control and supervision by the Financial Conduct Authority ("FCA"). The Company has successfully gained all the permissions required by the FCA to perform its trade. The Company continually assesses the changing regulatory requirements and its adherence to them through regular reviews and updates to the Board.

Interest rate risk

Interest rate risk is the loss arising from the adverse movements in market interest rates. The Company minimizes its exposure to interest rate risk by ensuring the interest rate characteristics of its assets and liabilities are similar.

Capital risk management

The Company manages its capital to ensure that the Company will be able to continue as a going concern while maximizing the Company's value to its shareholder. As discussed in footnote 1.2, the Company may discontinue its operations and distribute cash to the shareholder.

16. Subsequent events

These financial statements were approved by management and available for issuance on July 30, 2021. Subsequent events have been evaluated through this date.