

**SOLAR FUNDING II LIMITED**

Interim Management Report & Unaudited Financial Statements

For the half year ended 30 April 2024

**UNAUDITED HALF YEAR FINANCIAL STATEMENTS 30 APRIL 2024**

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**UNAUDITED HALF YEAR FINANCIAL STATEMENTS 30 APRIL 2024**

**OFFICERS AND PROFESSIONAL ADVISERS**

**DIRECTORS**

Marian Suguitan (resigned on 1 Feb 2024)  
John Pendergast  
Jane Stammers (Appointed on 1 Feb 2024)  
Elizabeth Anne Casely (Appointed on 4 April 2024)

**SECRETARY**

Apex Group Secretaries Limited  
IFC5, St. Helier  
Jersey  
JE1 1ST  
Channel Islands

**REGISTERED OFFICE**

IFC5, St. Helier  
Jersey  
JE1 1ST  
Channel Islands

**ADVOCATE**

Mourant  
22 Grenville Street  
St. Helier  
Jersey  
JE4 8PX  
Channel Islands

**TRUSTEE**

Deutsche Trustee Company Limited  
Winchester House  
1 Great Winchester Street  
London  
EC2N 2DB  
United Kingdom

**ADVISER**

NatWest Markets plc  
250 Bishopsgate  
London  
EC2M 4AA  
United Kingdom

## **INTERIM MANAGEMENT REPORT**

The directors present the interim report and the unaudited financial statements of Solar Funding II Limited (the "Company") for the half year ended 30 April 2024.

### **PRINCIPAL ACTIVITIES AND BUSINESS REVIEW**

The Company was incorporated in Jersey on 13 May 2002 as a private Company and then re-registered as a public Company on 13 December 2002.

The Company was established as a special purpose vehicle and participates in a US\$10bn Secured Asset-backed Medium Term Note Programme.

There has been no change in the activities of the Company during the period and no significant change is expected in the foreseeable future.

The Company facilitates repackaging transactions by issuing Notes, acquiring underlying assets and entering into and performing the agreements to which it is or may become party. At the date of this report, the Company had issued twenty series of Notes (2023: twenty) of which eight (2023: eight) series remain in issue. Two series are still collateralised by underlying debt assets (2023: two), with the remainder being backed solely by derivative financial instruments. The Company is principally funded by third party investors who purchased the Notes. Upon the maturity of the Notes or an event leading to the repurchase/redemption of the Notes, the collateral will be unwound to pay the maturity proceeds or repurchase/redemption amount. The third-party investors bear all the risks and returns of the Notes and there is no recourse or limited recourse to the other assets of the Company. The Company acts as a pass-through vehicle to facilitate each transaction.

NatWest Markets plc has provided a subordinated loan facility of up to £500,000 (the "Loan Agreement"), with the maximum amount being permitted to be drawn under this facility £500,000. At the balance sheet reporting date, £500,000 (2023: £500,000) had been drawn, the majority of the proceeds of which are held as cash at year end in order to meet future expenses if required.

The key performance indicator for the Company is the total assets. The Company had total assets as at the reporting date of \$16,368,000 (2023: \$15,619,000).

### **GOING CONCERN**

The directors believe that the Company is risk neutral and, as a consequence of the terms of the various transaction documents governing the structures, will always be able to meet its obligations on the Notes as they fall due.

The Company's statement of financial position as at 30 April 2024 showed a deficit in Equity Shareholders' Funds of \$757,000 (2023: \$637,000). However, it should be noted that amounts drawn under the loan facility from NatWest Markets plc are repayable only from the credit balance, if any, on the Expense Reserve Account. Consequently, any shortfall in the Company's funds will be borne by NatWest Markets plc up to the amount drawn down under the Loan Agreement. In addition, NatWest Markets plc has no right under the Loan Agreement to petition for the commencement of insolvency proceedings against the Company whilst the Notes of any Series are outstanding and in any event until the date falling one year and one day after the date on which the last Notes have matured, currently being a scheduled maturity date of 31 December 2035.

Considering the above, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. For these reasons, they continue to adopt the going concern basis in preparing the half yearly report and accounts.

### **RESULTS AND DIVIDENDS**

The loss for the first half year ended 30 April 2024 was \$69,000 (half year ended 30 April 2023: \$64,000) and is shown on page 5 of the financial statements. The loss for the first half year ended 30 April 2024 will be transferred to reserves.

No dividends were declared or paid from the Company during the period (2023: \$Nil) and the directors do not propose a final dividend (2023: \$Nil).

**INTERIM MANAGEMENT REPORT (CONTINUED)**

**PRINCIPAL RISKS AND UNCERTAINTIES**

The directors acknowledge that the global macro-economic indicators and general business environment have remained uncertain in 2023 and 2024. Market liquidity constraints, limited availability of credit and difficult trading conditions continue to pose significant challenges to all underlying businesses and borrowers to whom the Company has exposure. Conditions may deteriorate further due to the continued global financial and economic uncertainty.

The principal risks facing the Company are liquidity risk, interest rate risk, currency risk and credit risk. The Company has policies in place to mitigate these risks. Refer to note 13 of the Financial Statements for details.

**CREDITORS PAYMENT POLICY**

The Company's policy concerning payment of its trade creditors is to pay in accordance with its contractual and other legal obligations. Due to the nature of the business, the main creditors are the Noteholders. Principal and interest are repaid in accordance with the agreements in place. The Company does not follow any other code or standard on payment practice.

**AUDIT COMMITTEE AND CORPORATE GOVERNANCE**

An audit committee is not appointed for the Company as the sole business of the Company is to act as the issuer of asset-backed securities. The entity is set up as a bankruptcy remote special purpose vehicle and is owned by a charitable trust with professional directors provided by Apex Group Fiduciary Services Limited and its affiliates. Oversight of risk management is performed by NatWest Markets plc in their capacity as arranger and dealers of the transactions. Interest rate, credit and currency risk are materially hedged as the Company issues Notes that are funded fully by third party investors and uses derivatives to offset any exposure. Oversight of the financial reporting and disclosure process is managed by NatWest Markets plc. Apex Group Secretaries Limited and its affiliates have oversight of appointment, performance and independence of the external audit function.

**DIRECTORS AND THEIR INTERESTS**

The present directors, who have served throughout the period, are listed on page 1.

None of the directors had any interests in the Company at any time during this period (2023: \$Nil).

**EMPLOYEES**

The Company has no employees. Apex Group Secretaries Limited performs the Company's secretarial function.

Signed on behalf of the Board of Directors:



Jane Stammers

Date: 23 July 2024

**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

In accordance with DTR 4.1.12R, each of the Directors, whose names and functions are listed on page 1, confirms to the best of that Director's knowledge and belief:

- the unaudited interim financial statements have been prepared in accordance with IAS 34 'Interim Financial Reporting' as adopted by the EU; and,
- The interim management report includes a fair review of the information required by the Disclosure Guidance and Transparency Rules ("DTR"):
  - DTR 4.2.7R (indication of important events during the first six months of the current financial year and their impact on the financial statements; and a description of principal risks and uncertainties for the remaining six months of the financial year); and,
  - DTR 4.2.8R (related party transactions that have taken place in the first six months of the current financial year and that have materially affected the financial position or the performance of the Company during that period; and any changes in the related party transactions described in the last annual report that could do so).

Signed on behalf of the Board of Directors:



Jane Stammers

Date: 23 July 2024

**STATEMENT OF COMPREHENSIVE INCOME**  
**For the half year ended 30 April 2024**

	Notes	6 months to 30 April 2024 \$'000	6 months to 30 April 2023 \$'000
Interest income		736	651
Interest expense		(759)	(651)
<b>Net interest income</b>		<u>(23)</u>	<u>-</u>
Change in fair value on debt securities owned	5	(24)	(195)
Change in fair value on debt securities issued	8	(919)	(365)
Change in fair value on derivatives	6	943	560
<b>Net unrealised profit/loss</b>		<u>-</u>	<u>-</u>
<b>Net income</b>		<u>-</u>	<u>-</u>
Fees received		14	14
Administrative expenses	3	(60)	(78)
<b>Loss for the period</b>		<u>(69)</u>	<u>(64)</u>
Exchange differences on translation to the presentation currency		(17)	(66)
<b>Total comprehensive loss for the period</b>		<u>(86)</u>	<u>(130)</u>

**STATEMENT OF CHANGES IN EQUITY**  
**For the half year ended 30 April 2024**

	Share capital \$'000	Foreign currency reserves \$'000	Retained earnings \$'000	Total \$'000
Balance at 31 October 2022	-	152	(659)	(507)
Loss for the period	-	-	(64)	(64)
Other comprehensive gain	-	(66)	-	(66)
Balance at 30 April 2023	<u>-</u>	<u>86</u>	<u>(723)</u>	<u>(637)</u>
Balance at 31 October 2023	-	119	(790)	(671)
Loss for the period	-	-	(69)	(69)
Other comprehensive loss	-	(17)	-	(17)
Balance at 30 April 2024	<u>-</u>	<u>102</u>	<u>(859)</u>	<u>(757)</u>

The accompanying notes on pages 8 to 21 are an integral part of these financial statements.

Comparatives are based on prior half year end unaudited numbers.

**STATEMENT OF FINANCIAL POSITION**  
**As at 30 April 2024**

	Notes	April 2024 \$'000	October 2023 \$'000
<b>NON-CURRENT ASSETS</b>			
Derivative financial instruments	6	9,435	8,808
Investments in debt securities	5	6,473	6,419
		<u>15,908</u>	<u>15,227</u>
<b>CURRENT ASSETS</b>			
Prepayments		16	26
Accrued interest receivable		254	147
Cash and cash equivalents		190	219
		<u>460</u>	<u>392</u>
<b>TOTAL ASSETS</b>		<b><u>16,368</u></b>	<b><u>15,619</u></b>
<b>CURRENT LIABILITIES</b>			
Accrued fees payable	7	100	64
Deferred fee income		20	22
Accrued interest payable		257	149
Debt securities issued	8	435	501
Amounts due to group company		626	606
		<u>1,438</u>	<u>1,342</u>
<b>NON-CURRENT LIABILITIES</b>			
Debt securities issued	8	14,802	13,969
Derivative financial instruments	6	671	757
Deferred fee income		214	222
		<u>15,687</u>	<u>14,948</u>
<b>TOTAL LIABILITIES</b>		<b><u>17,125</u></b>	<b><u>16,290</u></b>
<b>EQUITY</b>			
Called up share capital	9	-	-
Foreign currency reserves	10	102	119
Retained earnings	11	(859)	(790)
<b>EQUITY SHAREHOLDERS' FUNDS</b>		<b><u>(757)</u></b>	<b><u>(671)</u></b>

The accompanying notes on pages 8 to 21 are an integral part of these financial statements.

These financial statements were approved by the Board of Directors and authorised for issue (Registered in Jersey No. 83117) on 23 July 2024.

Signed on behalf of the Board of Directors:



John Pendergast



**STATEMENT OF CASH FLOWS**  
**For the half year ended 30 April 2024**

	Notes	Period to 30 April 2024 \$'000	Period to 30 April 2023 \$'000
<b>Operating Activities</b>			
<b>Net cash outflow from operations</b>			
Loss from operations	12	(69)	(64)
<b>Adjustment for:</b>			
Non cash items and other items	12	-	-
Changes in other assets and liabilities	12	20	(65)
<b>Net cash used in operating activities</b>		(49)	(129)
<b>Financing activities</b>			
Net payments on redemption of debt securities issued	8	(317)	(382)
Net swap payments	6	317	382
Net proceeds from Subordinate loan		-	314
<b>Net cash used in financing activities</b>		-	314
<b>Net cash inflow for the period</b>		(49)	185
Cash and cash equivalents at beginning of the period		219	61
Exchange differences on translation to the presentation currency		20	27
<b>Cash and cash equivalents at end of the period</b>		190	273

The accompanying notes on pages 8 to 21 are an integral part of these financial statements.

ANALYSIS OF CHANGE IN NET DEBT	Liquidity Facility \$'000	Derivative Instruments \$'000	Debt Securities issued \$'000
Opening balance as at 1 November 2023	606	8,051	14,470
Cash movement	-	(317)	(317)
Non-cash movement	20	1,030	1,084
<b>Closing balance as at 30 April 2024</b>	<b>626</b>	<b>8,764</b>	<b>15,237</b>

**NOTES TO THE ACCOUNTS**  
**For the half year ended 30 April 2024****1. ACCOUNTING POLICIES****General information**

Solar Funding II Limited is a company incorporated in Jersey under the Companies (Jersey) Law 1991 as amended. The address of the registered office is given on page 1. The nature of the Company's operations and its principal activities are set out in the Directors' Report.

**Basis of accounting**

The financial statements have been prepared in accordance with IAS 34 'Interim Financial Reporting' as adopted by the European Union ("EU") as issued by the International Accounting Board (IASB) and interpretations issued by the International Financial Reporting Interpretations Committee of the IASB as adopted by the EU (together IFRS) and on the historical cost basis except for the following:

- Derivative financial instruments are measured at fair value through profit or loss
- Financial liabilities are measured at fair value through profit or loss
- Financial assets are measured at fair value through profit or loss

Any changes to IFRS that were effective from 1 November 2023 have had no material effect on the Company's financial statements for the period ended 30 April 2024.

The financial instruments were measured at fair value and continued to be measured at fair value.

Due to the fact that the nature of the business is to participate in the issuance of secured asset-backed medium-term notes, the directors are of the opinion that it is more appropriate to use interest income and expense than turnover and cost of sales in preparing the statement of comprehensive income.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

**Basis of accounting – going concern**

The Company's business activities, performance and position, as well as principal risks and uncertainties are set out in the Interim Management Report on pages 2 and 3. In addition, note 13 to the financial statements includes the Company's objectives, policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments; and its exposures to credit risk and liquidity risk.

The directors believe that the Company is risk neutral and, as a consequence of the terms of the various transaction documents governing the structures, will always be able to meet its obligations on the Notes as they fall due. The Notes are collateralised by various underlying fixed and variable rate assets for related series. The Company is funded by third party investors who purchase the Notes. Upon the maturity of the Note or an event leading to the repurchase of the Note, the asset will be unwound to repay the investors' funding. The third party investors bear all the risks and returns of the Note and there is no recourse or limited recourse to the Company. NatWest Markets plc has provided a subordinated loan facility of up to £500,000. At the Interim Report date, £500,000 (2023: £500,000) had been drawn, the majority of the proceeds of which are held as cash at period end in order to meet future expenses if required.

With this in consideration, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. For these reasons, they continue to adopt the going concern basis in preparing the half yearly report and accounts.

## NOTES TO THE ACCOUNTS

### For the half year ended 30 April 2024

#### 1. ACCOUNTING POLICIES (CONTINUED)

##### **Critical accounting judgements and key sources of estimation uncertainty**

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expense, in particular the fair values of financial instruments designated at fair value through profit and loss. 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 on carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates used in the financial statements.

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 the current and future periods. No sensitivity analysis has been prepared as the Company does not have a material exposure to interest and/or currency risk.

The Company makes use of reasonable and supportable information to make accounting judgments and estimates. This may include information about the observable effects of the physical and transition risks of climate change, if such risks were to be relevant to the Company; however, in the Directors' opinion, no such risks are currently relevant to the Company. Many of the effects arising from climate change will be longer term in nature, with an inherent level of uncertainty, and have limited effect on accounting judgments and estimates for the current period. Some physical and transition risks can manifest in the shorter term.

##### **Currency translation**

Transactions in foreign currencies are initially recorded at the rates of exchange prevailing on the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated into the reporting currency at the rates of exchange ruling at the reporting date. Profits and losses arising from foreign currency translation from the functional currency to the presentational currency are dealt with in the foreign currency reserve.

##### **Presentation and functional currencies**

The financial statements have been presented in United States dollars (\$) as the Company participates in a US dollar secured asset-backed medium-term Note programme. The functional currency is Euros since the majority of transactions are denominated in Euros.

##### **Interest income and interest expense**

Interest income on financial instruments held at fair value is recognised in the statement of comprehensive income on an accruals basis. The discount on zero coupon debt securities issued and held at fair value is recognised in interest expense on an accruals basis using the effective interest rate method. Interest expense on interest bearing debt securities issued and held at fair value is recognised on an accruals basis using the effective interest rate method.

Interest income and interest expense on financial instruments held at fair value are disclosed separately from the fair value movements on those financial instruments in the statement of comprehensive income. In addition accrued interest income and expense on these instruments are disclosed on separate lines in the statement of financial position to the carrying value of those financial instruments.

##### **Fee expenses**

Fee expenses include legal, administration, advisory and audit fees. Fee expenses are accounted for on an accruals basis.

##### **Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand and demand deposits with banks together with short-term, highly liquid investments that are readily convertible to known amounts of cash and subject to insignificant risk of changes in value.

**NOTES TO THE ACCOUNTS**  
**For the half year ended 30 April 2024****1. ACCOUNTING POLICIES (CONTINUED)****Financial instruments**

Financial assets and liabilities are recognised on the Company's statement of financial position when the Company becomes party to the contractual provisions of the instrument.

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire; or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. Net realised gains and losses on the sale, transfer, discharge, cancellation or expiry of positions are determined on a realisation basis and are included in the Statement of Comprehensive Income for the period in which they arise.

**Investments in debt securities**

Investments in debt securities are held by the Company with the intention to use them on a continuing basis in the Company's activities. The investments in debt securities were designated and are accounted for at fair value through profit or loss to reduce the accounting mismatch that arises due to measuring derivative instruments at fair value. Fair values have been calculated based on available market prices, or where these are not available, by discounting cash flows at prevailing interest rates.

**Debt securities issued**

Debt securities issued were designated and are accounted for at fair value through profit or loss to reduce the accounting mismatch that arises due to measuring derivative instruments at fair value. Fair values have been calculated based on available market prices, or where these are not available, by discounting cash flows at prevailing interest rates.

**Derivative instruments**

The Company does not enter into speculative derivative contracts. Derivative instruments are used for hedging purposes to alter the risk profile of an underlying exposure of the Company in line with the Company's risk management policy (refer to note 13). Derivative financial instruments are recorded at fair value, with any gain or loss on re-measurement being recognised in the statement of comprehensive income. The fair value of interest rate swaps is the estimated amount that the Company would receive or pay to terminate the swap at the reporting date, and is based upon discounted cash flows. The derivatives are structured in a way that results in the operating profit being nil at each reporting date due to pass-through nature of the Company.

**Segmental reporting**

The directors have determined that the Company has only one reportable operating segment: acquiring of fixed and variable rate assets which are funded by Notes issued. The directors do not consider it necessary to provide a further analysis of the results of the Company from those already disclosed in these financial statements, in particular note 13 contains additional information about the geographical concentrations and assets held.

**2. DIRECTORS AND EMPLOYEES**

None of the directors received any emoluments for their services to the Company during the period (2023: \$Nil). The directors had no interest in any contracts in relation to the business of the Company at any time during the period (2023: \$Nil). The Company does not have any employees (2023: none).

**NOTES TO THE ACCOUNTS**  
**For the half year ended 30 April 2024**

**3. ADMINISTRATIVE EXPENSES**

	<b>Period to 30 April 2024 \$'000</b>	<b>Period to 30 April 2023 \$'000</b>
Auditor's remuneration for the audit of the Company's accounts	(39)	(32)
Other expenses	(21)	(46)
Total expenses	(60)	(78)

**4. TAX**

The Company is registered in Jersey, Channel Islands as an income tax paying company. The general rate of corporation tax for companies resident in Jersey (such as the Company) is 0% for the current period of assessment (2023: 0%).

**5. INVESTMENTS IN FINANCIAL ASSETS**

**Debt securities held at fair value**

	<b>30 April 2023 \$'000</b>	<b>31 October 2022 \$'000</b>
Fair value at beginning of period/year	6,419	6,229
Change in value	(24)	(242)
Foreign exchange movement	78	432
Fair value at end of period/year	6,473	6,419
Due in less than one year	-	-
Due in greater than one year	6,473	6,419
Fair value at end of period/year	6,473	6,419
Government related	2,789	2,771
Bank and building society bonds	3,684	3,648
	6,473	6,419
Listed on Madrid Stock Exchange	2,789	2,771
Unlisted	3,684	3,648
	6,473	6,419

**NOTES TO THE ACCOUNTS**  
**For the half year ended 30 April 2024**

**6. SWAP CONTRACTS HELD AT FAIR VALUE**

	<b>30 April 2024</b>	<b>31 October 2023</b>
	<b>\$'000</b>	<b>\$'000</b>
Fair value at beginning of period/ year (net)	8,051	8,107
Principal payments on swaps	(317)	(643)
Change in value	943	19
Foreign exchange movement	87	568
Fair value at end of period/ year (net)	8,764	8,051
Derivative assets:		
Amounts due after one year	9,435	8,808
	9,435	8,808
Derivative liabilities:		
Amounts due after one year	(671)	(757)
	(671)	(757)
	8,764	(8,051)

The fair value of the swap contracts above is linked to the fair value of the asset-backed Notes issued. Refer to note 13 of the Financial Statements for more details of the principal risks facing the Company and the policies in place for managing the risks.

**7. ACCRUED FEES PAYABLE**

	<b>30 April 2024</b>	<b>31 October 2023</b>
	<b>\$'000</b>	<b>\$'000</b>
Administrative fees	100	64
Total accrued fees payable	100	64

**8. DEBT SECURITIES ISSUED**

Debt securities issued by the Company have been classified as asset-backed. The debt securities issued are classified based on their risk characteristics and debt securities issued within each class are considered to have similar risk exposures.

The Company uses proceeds from the secured asset-backed debt securities issued to acquire charged assets agreed with the Noteholders at deal inception. The Company then enters into a derivative agreement with NatWest Markets plc whereby any interest received on the charged assets, along with any principal repayments, are payable to NatWest Markets plc. In return, NatWest Markets plc undertakes to pay to the Company amounts equal to the amounts due on the debt securities issued.

**NOTES TO THE ACCOUNTS**  
**For the half year ended 30 April 2024**

**8. DEBT SECURITIES ISSUED (CONTINUED)**

The below tables refers to asset-backed securities for all Series of Notes which have underlying assets:

Series	Currency	Carrying Value	Issue Price	Maturity Date	Coupon
Series 8	EUR	5,793,000	68.87%	31-Dec-35	0.00%
Series 19	EUR	3,000,000	100.00%	27-Oct-27	CMS10 + 1.40% (capped at 8% and floored at 4%)

The below table refers to Asset backed securities for all series of notes which don't have underlying assets:

Series	Currency	Carrying Value	Issue Price	Maturity Date	Coupon
Series 2	EUR	1,055,000	76.20%	30-Dec-33	0.00%
Series 3	EUR	359,000	52.20%	29-Dec-34	0.00%
Series 4	EUR	2,365,000	76.74%	29-Dec-34	0.00%
Series 6	EUR	451,000	82.57%	31-Dec-35	0.00%
Series 7	EUR	2,960,000	79.41%	31-Dec-35	0.00%
Series 10	EUR	2,810,000	74.93%	31-Dec-35	0.00%

The following table shows the movement in the debt securities issued in the period:

	<b>30 April 2024 \$'000</b>	<b>31 October 2023 \$'000</b>
Fair value at beginning of period/year	14,470	14,336
Repayments	(317)	(643)
Change in value	919	(223)
Foreign exchange movement	165	1,000
Fair value at end of period/year	<u>15,237</u>	<u>14,470</u>
Due in less than one year	435	501
Due in greater than one year	14,802	13,969
Fair value at end of period/year	<u>15,237</u>	<u>14,470</u>

Each series of Notes issued is independent and is backed by a particular pool of assets. Holders of one series of Notes have no recourse to the assets and cash flows of other series' Notes.

The Company's obligations to pay interest and principal in respect of its Notes are exactly matched by the terms of the Company's investments in debt securities and derivatives. The recourse of the Noteholders is limited to the principal value of, and return generated by, the Company's investments in debt securities and derivatives.

**NOTES TO THE ACCOUNTS**  
**For the half year ended 30 April 2024**

**8. DEBT SECURITIES ISSUED (CONTINUED)**

The following analysis shows the grouping of balance sheet amounts of associated financial assets, derivatives and Notes issued by each category of debt securities:

**Notes issued by category:**  
**30 April 2024**

	<b>Fair value of Financial assets</b>	<b>Fair value of Derivatives</b>	<b>Fair value of Notes issued</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Asset-backed securities	6,473	8,764	(15,237)
	<b>6,473</b>	<b>8,764</b>	<b>(15,237)</b>

**Notes issued by category:**  
**31 October 2023**

	<b>Fair value of Financial assets</b>	<b>Fair value of Derivatives</b>	<b>Fair value of Notes issued</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Asset-backed securities	6,419	8,051	(14,470)
	<b>6,419</b>	<b>8,051</b>	<b>(14,470)</b>

**9. SHARE CAPITAL**

	<b>30 April 2024</b>	<b>31 October 2023</b>
	<b>\$</b>	<b>\$</b>
<b>Authorised share capital:</b>		
10,000 (2023: 10,000) ordinary shares of £1 each	15,000	15,000
	<b>\$</b>	<b>\$</b>
<b>Issued, allotted and paid</b>		
10 (2023: 10) ordinary shares of £1 each	15	15

The share capital is held by a trust for charitable purposes and there is no obligation to the Noteholders with limited recourse conditions attached while issuing Notes. Further the trust has no beneficial interest in and derives no benefits other than fees for acting as trustee.



**NOTES TO THE ACCOUNTS**  
**For the half year ended 30 April 2024**

**10. FOREIGN CURRENCY RESERVES**

	<b>30 April 2024 \$'000</b>	<b>31 October 2023 \$'000</b>
At start of period/year	119	152
Loss for the period/year	(17)	(33)
At end of period	<u>102</u>	<u>119</u>

**11. RETAINED EARNINGS**

	<b>30 April 2024 \$'000</b>	<b>31 October 2023 \$'000</b>
At start of period/year	(790)	(659)
Total comprehensive loss for the period/year	(69)	(131)
Retained loss at end of period/year	<u>(859)</u>	<u>(790)</u>

**12. MOVEMENTS IN OPERATING ASSETS AND LIABILITIES AND NON- CASH ITEMS  
ADJUSTED FOR IN THE CASHFLOW STATEMENT**

	<b>2024 \$'000</b>	<b>2023 \$'000</b>
Increase in debtors	(97)	(15)
Increase in creditors	132	18
Foreign exchange movements	(17)	(33)
<b>Change in operating assets and liabilities</b>	<u><b>20</b></u>	<u><b>(30)</b></u>
Change in fair value on debt securities owned	24	242
Change in fair value on debt securities issued	919	(223)
Change in fair value on derivatives	(943)	(19)
<b>Non- cash items</b>	<u><b>-</b></u>	<u><b>-</b></u>

**NOTES TO THE ACCOUNTS**  
**For the half year ended 30 April 2024**

**13. FINANCIAL INSTRUMENTS**

The Company's financial instruments principally comprise amounts due on loans payable, investments in debt securities and other financial assets, derivatives and debt securities issued. Cash and other items arise directly from the Company's operations.

It is, and has been throughout the period, the Company's policy that no trading in derivative financial instruments shall be undertaken.

The Board reviews and agrees policies for managing each of these risks and these are summarised below.

**Capital risk management**

The Company manages its capital to ensure it will be able to continue as a going concern. The Company has no externally imposed capital requirements.

The capital structure of the Company primarily comprises issued Notes purchased by third party investors under the entity's secured asset-backed medium-term Note programme. Other sources of funding consist of an unsecured subordinated loan of up to £500,000 from NatWest Markets plc and retained earnings.

At the reporting date, £500,000 has been drawn down on the subordinated loan (2023: £500,000).

The Notes are collateralised by the various assets held under each relevant series of Note.

The company has limited foreign currency exposure due to matched underlying assets with Notes in issue. The currency exposure is limited to transaction cost and the subordinate loan issued by NatWest Markets plc of £500,000.

**Liquidity risk**

The Company's obligations to pay interest and principal in respect of its Notes are exactly matched by the terms of the Company's investments in debt securities and derivatives. The recourse of the Noteholders is limited to the principal value of, and return generated by, the Company's investments in debt securities and derivatives.

Furthermore, the loan payable to NatWest Markets plc of \$626,000 (2023: \$606,000) is subordinate to the Notes and is limited recourse in nature.

The Company's management believes that the Company is risk neutral and, as a consequence of the terms of the various transaction documents governing the structure, will always be able to meet its obligations as they fall due.

**NOTES TO THE ACCOUNTS**  
**For the half year ended 30 April 2024**

**13. FINANCIAL INSTRUMENTS (CONTINUED)**

Carrying amounts and undiscounted future contractual cash flows of liabilities are set out below:

<b>As at 30 April 2024</b>	<b>Carrying amount/ Fair value \$'000</b>	<b>Contractual cash flows \$'000</b>	<b>&lt;3 mth \$'000</b>	<b>3-12mths \$'000</b>	<b>1-5 yrs \$'000</b>	<b>&gt;5 yrs \$'000</b>
<b>Non-derivatives financial liabilities</b>						
Notes issued	(15,237)	(20,978)	(164)	(1,120)	(7,432)	(12,262)
Other creditors	(1,217)	(1,217)	(785)	(218)	(84)	(130)
	<u>(16,454)</u>	<u>(22,195)</u>	<u>(949)</u>	<u>(1,338)</u>	<u>(7,516)</u>	<u>(12,392)</u>
<b>Derivatives financial liabilities</b>						
Interest rate swaps	(671)	(1,476)	(223)	(260)	(992)	-
<b>As at 31 October 2023</b>						
<b>As at 31 October 2023</b>	<b>Carrying amount/ Fair value \$'000</b>	<b>Contractual cash flows \$'000</b>	<b>&lt;3 mth \$'000</b>	<b>3-12mths \$'000</b>	<b>1-5 yrs \$'000</b>	<b>&gt;5 yrs \$'000</b>
<b>Non-derivatives financial liabilities</b>						
Notes issued	(14,470)	(21,479)	(246)	(1,055)	(7,532)	(12,646)
Other creditors	(1,063)	(1,063)	(760)	(81)	(83)	(139)
	<u>(15,533)</u>	<u>(22,542)</u>	<u>(1,006)</u>	<u>(1,136)</u>	<u>(7,615)</u>	<u>(12,785)</u>
<b>Derivatives financial liabilities</b>						
Interest rate swaps	(757)	(1,650)	(96)	(385)	(1,169)	-

**NOTES TO THE ACCOUNTS**  
**For the half year ended 30 April 2024**

**13. FINANCIAL INSTRUMENTS (CONTINUED)**

**Currency risk**

The Company publishes its financial statements in United States dollars, is capitalised in Pounds Sterling and conducts most of its business in Euros. As a result, it is subject to foreign currency exchange risk due to exchange rate movements which will affect the Company's transaction costs. Foreign currency investments are hedged by foreign currency loans and it is the Company's policy to match liabilities with assets of the same currency. As a result the Company does not have a material exposure to currency risk and therefore no sensitivity analysis has been presented.

**Interest rate risk**

The interest profile of debt securities issued is detailed in note 8. The subordinated loan payable to NatWest Markets plc is at a floating rate. The Company is not exposed to interest rate risk as the interest receipts and payments are matched by entering into interest rate swap agreements. As a result the Company does not have a material net exposure to interest rate risk and therefore no sensitivity analysis has been presented.

**Credit risk**

The Company faces a credit risk that the underlying assets may not pay as and when they fall due. The Company's liquidity risk is reduced by ensuring that its obligations to pay interest and principal on the associated debt securities issued and derivatives held are limited to the receipts on the underlying assets. The largest exposure to any one debt security held amounts to \$3.8m representing 57% of the portfolio. The Maximum exposure to credit risk on assets held as at the reporting date is the amount stated in the statement of financial position.

The following table details the aggregate investment grade of the financial assets in the portfolio, as rated by well known rating agencies approved by management:

<b>2024 Ratings (Standard and Poor's)</b>	<b>Total</b>
	<b>\$'000</b>
A and above	-
AA- and above	-
BBB+ and above	-
Not rated	6,473
<b>Total</b>	<b><u>6,473</u></b>

**NOTES TO THE ACCOUNTS**  
**For the half year ended 30 April 2024**

**13. FINANCIAL INSTRUMENTS (CONTINUED)**

<b>2023 Ratings (Standard and Poor's)</b>	<b>Total</b>
	<b>\$'000</b>
A and above	-
AA- and above	-
BBB+ and above	-
Not rated	6,419
<b>Total</b>	<b>6,419</b>

As at 30 April 2024, the Company's investment securities analysed by geographic location were concentrated as follows:

<b>April 2024</b> <b>Geographic location</b>	<b>Total investment</b> <b>securities</b> <b>\$'000</b>
France	57%
Spain	43%
<b>Total</b>	<b>100%</b>

As at 31 October 2023, the Company's investment securities analysed by geographic location were concentrated as follows:

<b>October 2023</b> <b>Geographic location</b>	<b>Total investment</b> <b>securities</b> <b>\$'000</b>
France	57%
Spain	43%
<b>Total</b>	<b>100%</b>

**NOTES TO THE ACCOUNTS**  
**For the half year ended 30 April 2024**

**13. FINANCIAL INSTRUMENTS (CONTINUED)**

**Fair values of financial assets and financial liabilities**

The directors consider the carrying amounts of assets and liabilities not held at fair value to approximate their fair values, as at 30 April 2024.

As at 30 April 2024, the carrying amounts of financial assets and financial liabilities issued by the Company for which fair values were determined directly, in full or in part, by reference to published price quotations or determined using valuation techniques are as follows:

The Company's financial assets and financial liabilities are considered Level 2 based on the below fair value hierarchy.

Level 1 - fair values are based on quoted market prices (unadjusted) in active markets for an identical instrument.

Level 2 - fair values are calculated using valuation techniques based on observable inputs, either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using quoted market prices in active markets for similar instruments, quoted prices for identical or similar instruments in markets that are considered less than active or other valuation techniques where all significant inputs are directly or indirectly observable from market data.

Level 3 - fair values are based on valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs such as interest rates, foreign exchange rates etc. have a significant effect on the instrument's valuation. The prices are based on discounted cash flow model and traders' best estimates of the valuation. There are no alternative model valuations.

**NOTES TO THE ACCOUNTS**  
**For the half year ended 30 April 2024****13. FINANCIAL INSTRUMENTS (CONTINUED)****Fair values of financial assets and financial liabilities (continued)****Valuation techniques**

The Company derives fair value of its instruments differently depending on whether the instrument is a non-modelled or a modelled product.

**Non-modelled product**

Non-modelled products are valued directly from a price observable on the market typically on a position by position basis and include debt with prices observable on the active market.

**Modelled products and observable parameters**

Interest rate swaps, debt issued and unquoted debt securities are valued using pricing models. The valuation of modelled products requires an appropriate model and inputs into the model. The main inputs for valuation of those instruments are: interest rates (such as Sterling overnight index average (SONIA), Overnight Index Swaps (OIS) rate and other quoted interest rates in the swap markets); credit spreads; and other market inputs.

**14. RELATED PARTY TRANSACTIONS**

Apex Group Fiduciary Services Limited (“AGFSL”) and Apex Group Secretaries Limited (“AGSL”) provided administration and/or secretarial services respectively to the company. Each of AGFSL and AGSL is a member of the “Apex Group” (where the “Apex Group” means Apex Group Limited and all its subsidiaries and affiliates of the same). Each of Marian Suguitan, John Pendergast, Jane Stammers and Elizabeth Anne Casely is or was a director and/or employee of Apex Group and should be regarded as interested in any transaction with any member of Apex Group. During the year, fees incurred for these services were \$17,921 (2023: \$38,784) and no amount was payable as at 30 April 2024.

As described in note 9, the shares of the Company are beneficially owned by Solar Funding II Charitable Trust, which is a Jersey trust established for charitable purposes whose trustee is Apex Group Trustee Services Limited.

The company has entered into swap transactions with NatWest Markets Plc (Note 6) and has a liquidity facility of up to £500,000 provided by NatWest Markets Plc.

**15. CONTROLLING PARTY**

The Company is consolidated in NatWest Markets Plc consolidated accounts (the smallest group that presents consolidated financial statements). The ultimate parent company and largest group that presents group accounts is NatWest Group plc. Both companies are incorporated in the United Kingdom and registered in England and Wales. Their statutory financial statements are available from: Legal, Governance and Regulatory Affairs.

**16. SUBSEQUENT EVENTS**

In the opinion of the Directors, there have been no significant events subsequent to the period end that are deemed necessary to be adjusted or disclosed in the financial statements.